

Last-Minute Help For The Y2K Bug

# Nation's Business®

The Small Business Adviser

Published by U.S. Chamber of Commerce



## Social Security Reform

### Will It Take Money Out Of Your Pocket?

**Printing Postage  
By Computer**

**Check Broker Research  
Before Signing Up**

MARCH 1999 - \$3.00

COMPLIMENTS OF  
NATION'S BUSINESS

TO SUBSCRIBE, GO TO  
[WWW.NBMAG.COM](http://WWW.NBMAG.COM)

[www.nbmag.com](http://www.nbmag.com)

Phillip Raclyn has a small business. He is a veterinarian.

Phillip has a simple mission: to treat every pet as if it were his own. (It's on his business card.)

And because this mission is so important to him, he wants to spend more time with his patients and less time doing office work.

So Phillip is getting Microsoft® Windows NT® Workstation on his new PC. It's 30% faster than Windows® 98®. And, as the name suggests, it's still Windows, so he won't have to spend time learning anything new.

For Phillip and his patients, every minute counts. Windows NT Workstation is one tool he's using to make sure he has more of those minutes available each day.



## Microsoft®

Where do you want to go today?®  
[microsoft.com/smallbiz/windows/](http://microsoft.com/smallbiz/windows/)  
1 (800) WINDOWS for a free guide

\*Performance tests compared Windows NT Workstation 4.0 to Windows 98 operating systems using Ziff Davis' (ZD's) Winstone® 98 1.0 on computers with 64MB of RAM. Tests performed without verification by ZD. ZD makes no representations or warranties. Winstone is a registered trademark or trademark of ZD Inc. in the U.S. and other countries. For more information, visit <http://www.microsoft.com/windows/ntworkstation>.©1999 Microsoft Corporation. All rights reserved. Microsoft, Windows, the Windows logo, Windows NT and Where do you want to go today? are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.



# ANIMAL HOSPITAL

219

219





# Nation's Business Contents

March 1999  
VOL. 87, NO. 3

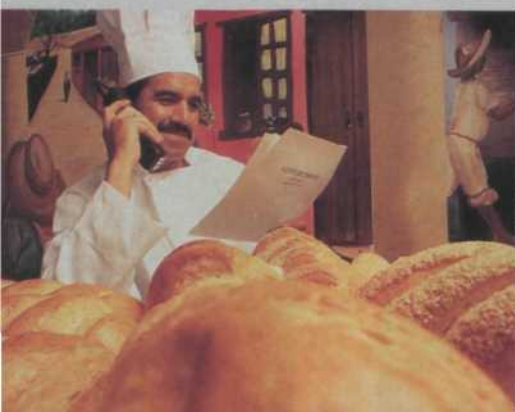


PHOTO: PETER BECK—THE STOCK MARKET

## COVER STORY

### 16 Small Firms' Stake In Social Security Reform

Owners of small companies could encounter new administrative, regulatory, and tax burdens if Congress fails to keep entrepreneurs' interests in mind.

- How Reform Could Affect You
- A Sampling Of Proposals
- The Politics Of Reform

*Investment paperwork for Social Security could become an ingredient in the management of small companies.*

## FINANCE

### 24 Small Business Financial Adviser

Buy-sell agreements; charitable remainder trusts; direct deposit of paychecks; checking a broker's research before signing up.

### 29 Borrowing Tailored For Exporters

Finding Capital: An SBA program enables export firms to get short-term loans and use accounts receivable as collateral.

### 42 A Kinder, Gentler Way To Collect

A friendly nudge can work better than a harsh ultimatum when persuading a customer to settle an overdue account.

### 45 Printing Postage By Computer

Companies will soon be able to prepare mailings electronically—and eliminate post office waiting time.

## MARKETING

### 38 And Now, Some Words About Sponsors

Becoming a backer of an event or organization can bring a wide range of benefits to a small company.

## MANAGING

### 48 Helping Employees To Help Others

The good that you enable your workers to do through volunteer programs can pay dividends for your company.

## TRAVEL

### 54 Fliers Cope With Carry-On Rules

Airlines' baggage limits may alter your packing practices but reduce departure delays.

## WHERE I STAND

### 53 Social Security

Express your opinions on various proposals for shoring up the system's finances.

## POLL RESULTS

### 53 The Economy

The majority of respondents to the January poll said they expect a recession this year or next.

## TECHNOLOGY

### 32 High Time To Swat The Millennium Bug

Firms that have not yet addressed their possible year 2000 computer problems can get some 11th-hour help.



*Before you head for the gate, make sure your carry-on bags fit within the maximums now being enforced by airlines.*

**Page 54**

COVER DESIGN: ALBERTO PACHECO

Nation's Business (ISSN 0028-047X) is published monthly at 1615 H Street, N.W., Washington, D.C. 20062-2000. Tel. (202) 463-5650 (editorial). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 692-2215. Copyright © 1999 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, \$22; two years, \$35; three years, \$46. For Canadian and other foreign subscriptions, add \$20 per year. Periodicals postage paid at Washington, D.C., and additional mailing offices. Canadian GST Registration # R131556189. Standard Mail (A) Enclosed—Versions 29 10, 18, 22, 23, 25, 28, 30, 33, 35P. POSTMASTER: Send address changes to Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000. To inquire about your subscription or to make a change of address, please call 1-800-638-6582. Photocopy Permission: Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, Mass. 01923, to photocopy any article herein for a flat fee of \$1.50 per copy of each article. Send payment to the CCC. Copying without express permission of Nation's Business is prohibited. Address requests for reprints to Nation's Business Reprints, 1615 H Street, N.W., Washington, D.C. 20062-2000, or call 1-800-638-6582.

Printed in the U.S.A.

Presorted Standard  
U.S. Postage Paid  
Strasburg, VA  
Permit No. 99





## DEPARTMENTS

### 7 Letters

### 10 Entrepreneur's Notebook

A competitive environment can help workers understand the importance of their jobs and the value of winning.

### 12 Dateline: Washington

OSHA's proposed new rules; unions' membership; women-owned firms' efforts in landing federal contracts.

### 14 Managing Your Small Business

Anticipating your need for star employees; insights from the smallest Baldrige award winner; the traits of good CEOs.

### 58 Family Business

Championing CEOs of the future; honoring tradition in a changing world; resolving a cultural dilemma.

### 66 Making It

An electronic salesman; a trucker's passion; a place where learning takes root.

### 69 Classified Ads

### 72 Editorial

A chart for extending the economy's growth into the 21st century.

*Time's running out for small firms to find and fix year 2000 computer bugs, but last-minute help is available.*

**Page 32**



*A smile in your voice and a willingness to listen can motivate debtors to pay, says collections expert Carol Frischer.*

**Page 42**



PHOTO: GUM STRATFORD—BLACK STAR

*Determination drove entrepreneur Karl Robinson to build a successful trucking firm.*

**Page 66**

*Sponsoring Eddie Cheever's victorious run in last year's Indianapolis 500 proved a winner for Rachel's Gourmet Snacks.*

**Page 38**



PHOTO: GARRY FAPKE—NEUTERS



# THE BEST WAY TO MANAGE YOUR TRUCKS IS TO GET THEM FROM A TRUCK COMPANY.

The reason you've never seen the GMC emblem on a car is very simple: we've specialized in trucks, and only trucks, for over 90 years. We've concentrated on commercial issues like power, payload, operating efficiency — all the important details that matter to people like you, who are running a business.

## **In Trucks, Like In Business, The Details Are Important.**

At GMC, we try to make every little detail count on the bottom line. Our advanced Dex-Cool® coolant is designed to go 150,000 miles before a scheduled change.\* Our Vortec engines offer impressive power — from the capable Vortec 4300 V6 to the mighty 290 hp Vortec 7400 V8.

These Vortec gas engines have a one-piece serpentine drive belt, platinum-tipped spark plugs and other long-life components that

allow you to drive 100,000 miles before the first scheduled tune-up.\* These may be details, but they mean your trucks can spend more time on the road, less time in the shop.

## **You Take Care Of Your Business, We'll Take Care Of Your Trucks.**

We offer a full line of trucks for a wide range of applications. When you visit a GMC dealer, you'll find salespeople as specialized as our trucks who will help you with information, recommendations and ordering assistance. And you'll also find GM-trained technicians providing expert truck maintenance. For more information about GMC, see your GMC dealer, call 1-800-GMC-8782 or visit us at [www.gmc.com/at\\_work](http://www.gmc.com/at_work) on the web.

You specialize in your business, we specialize in trucks.

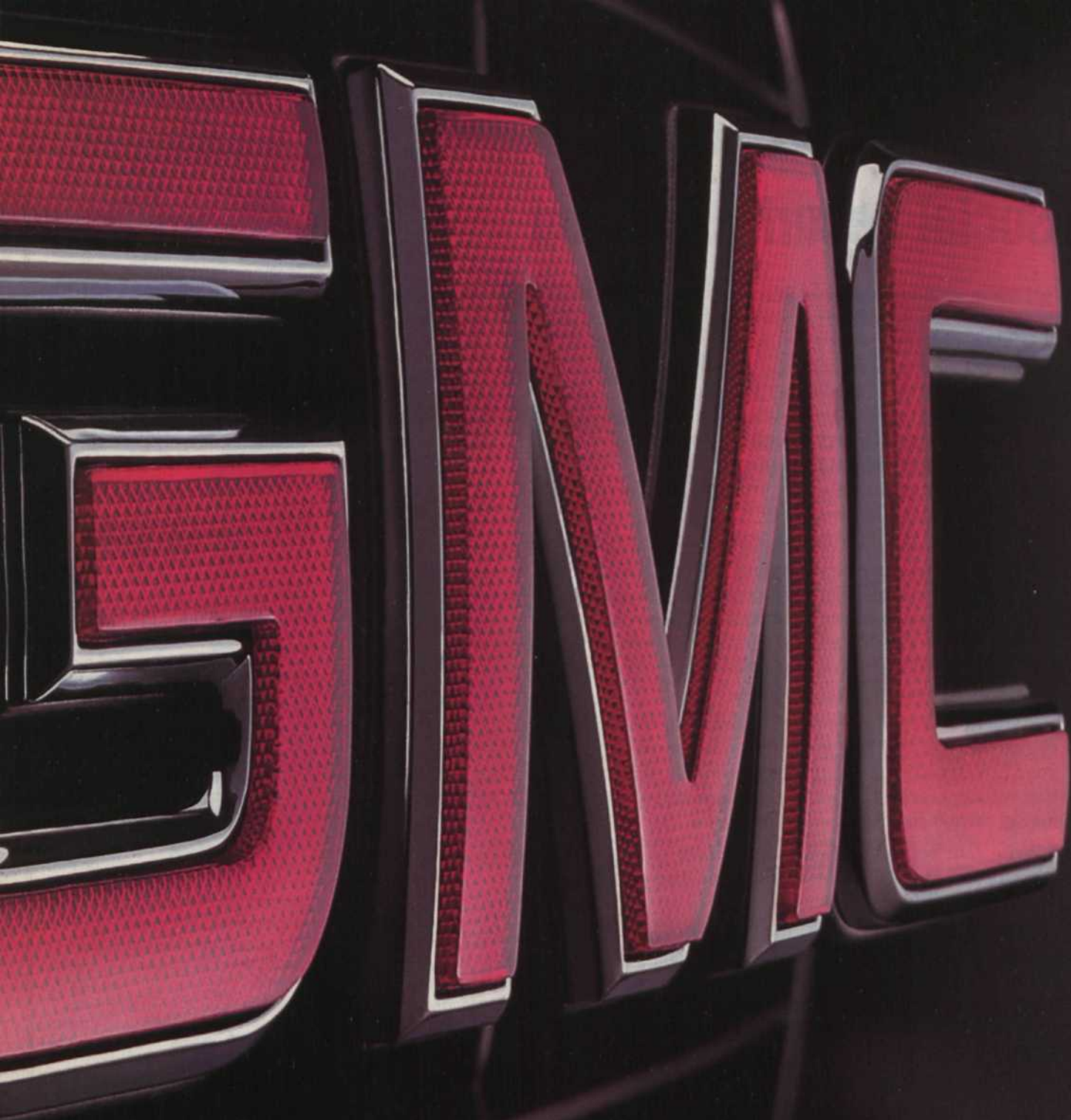
\*Maintenance needs vary with different uses and driving conditions. See owner's manual for details.

# GMC®

Do one thing. Do it well.™







**GMAC**<sup>®</sup>  
COMMERCIAL SERVICES

It's easy to arrange financing and leasing right at your GMC dealership.

© 1998 GM Corp. All rights reserved. GM, GMC, the GMC logo, and Dex-Cool are registered trademarks and Vortec is a trademark of General Motors Corporation. Buckle Up, America!



## Social Security And You

**T**he debate over Social Security has clearly reached a new stage," says *Nation's Business* Senior Editor Jim Worsham, who wrote this month's Cover Story. "The public and members of Congress are more educated now than they were a few years ago about the retirement system's problems, and specific proposals to repair the system are beginning to gain attention."



PHOTO: RACHEL NEWLANDER

In his reporting, however, Worsham—seen working on the story in the photo above—found a surprising lack of attention to the impact that specific proposals might have on small businesses. "Ultimately, reforms will have an impact, and small-business owners will want to make sure that legislation to fix the system is structured so that it serves its intended purpose—to shore up Social Security—without putting undue burdens on them."

If you own or manage a business, read our Cover Story, which begins on Page 16. Then get engaged in the dialogue. Start by letting your U.S. senators and representative know that you understand that reform is essential but you're concerned about the potential impact on your business.

Write your representative at U.S. House of Representatives, Washington, D.C. 20515. Write your senators at U.S. Senate, Washington, D.C. 20510.

You can also contact the U.S. Chamber of Commerce. The Chamber will unquestionably play a vital role in this debate as Congress looks to the organization for guidance from the business perspective on which kinds of reform will work and which won't. Write to Public Policy Division, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000.

Meanwhile, *Nation's Business* will keep you informed as developments on Social Security unfold. This will be one of the most important issues Congress will deal with during our lifetime.

*Mary Y. McElveen*

Mary Y. McElveen  
Editor

## Nation's Business



The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

### CHAIRMAN OF THE BOARD

William G. Little

### PRESIDENT AND CEO

Thomas J. Donohue

### PUBLISHER

Robert J. Perkins

### EDITOR

Mary Y. McElveen

### DEPUTY EDITORS

Albert G. Holzinger, Terence F. Shea

### EDITOR-AT-LARGE

Sharon Nelson

### SENIOR EDITORS

Michael Barrier, David Warner, James Worsham

### ASSOCIATE EDITOR

Stephen Rush

### ASSISTANT EDITOR

Tim McCollum

### CONTRIBUTING EDITORS

Robert T. Gray, Roger Thompson, Julie Candler, John L. Ward, Craig E. Aronoff, Peter Weaver, Randy Myers, Susan Biddle Jaffe, Dale D. Buss

### EDITORIAL ADMINISTRATIVE ASSISTANT

Irma N. Toliver

### ACTING ART DIRECTOR

Alberto Pacheco

### SENIOR DESIGNERS

Kathleen Vetter, Scott Neitzke, Joan G. Main

### SENIOR ARTIST

Sean Kennedy

### PHOTO DEPARTMENT

Laurence L. Levin, photo editor  
Frances Borchardt, assistant photo editor  
T. Michael Keza, chief photographer

### ART PRODUCTION ASSISTANT

Theodora D. Taylor

### PRODUCTION DIRECTOR

Heidi Sakai Gioseffi

### PRODUCTION COORDINATORS

Stephanie Jankowski, Sogand Sepassi

### PRODUCTION ADMINISTRATOR

Seretha Armstrong

### ADVERTISING

Pete McCutchen, director  
(212) 692-2214  
Kathleen Brown, administrator

### ADVERTISING MANAGERS

**Atlanta** (770) 650-1690  
Bill Ingram  
**Chicago** (312) 346-3526  
Susan Roth  
**Dallas** (972) 387-0404  
J. C. Kelly  
**Southfield, Mich.** (248) 354-1180  
Richard Topous, Michael McNew  
**Los Angeles** (323) 651-1466  
Tom Bowman  
**New York** (212) 692-2215  
Jerry V. Camporine, Peter J. Riordan, Shaun J. McKenna  
**San Francisco** (415) 421-7436  
Lin-Ho Wishart, administrator

### INTERNATIONAL

Vico Fabrizio Associates  
(201) 664-7925  
Fax: (201) 358-8454

### CLASSIFIED ADVERTISING

(202) 463-5640  
Marla Scher, director  
Barbara Crede, account executive

### MARKETING

Janine Grossman, director  
Liana Glasco, manager of circulation and consumer marketing  
Randy Ezell, associate manager of circulation and consumer marketing  
Randi Hicks Rowe, promotion manager  
Beth LaGuardia, associate promotion manager  
Diane Lewis, creative services coordinator



# Letters

## Consider A Law Firm For Collecting Debts

I enjoyed your article "Collecting Payments Due" [January]. All of the points in the article were timely and well-stated. However, one major component in collecting past-due accounts was overlooked: attorneys.

There are law firms across the United States that specialize in debt collection for both consumer and commercial accounts. In many cases, the fees charged by law firms rival or beat the fees charged by collection agencies.

The main difference between a collection agency and a debt-collection law firm is simple: When all is said and done, only one entity truly has the power to collect a debt, and that is a law firm. While law firms can back up threats of reprisals, collection agencies have to hire a law firm to carry out their threats of litigation.

A.C. Donahue

Donahue Law Group, PSC  
Somerset, Ky.

[Editor's Note: For more on the subject of debt collection, see "A Kinder, Gentler Way To Collect," on Page 42.]

## U.S. Banks Are Still For-Profit Institutions

The letter from Jack G. Klein ["Seeking Accountability On Charges By Banks," January] regarding bank analysis charges and other service fees charged by banks expressed a sentiment that is harbored by many other people and is zealously promoted by some politicians.

But here's the trouble: The last time I checked, banks in the United States were for-profit institutions. As such, we hire

them to store our money and to process payment requests, such as checks, electronic fund transfers, and in-person deposits and withdrawals. This nation has a very efficient system for processing payments: the Federal Reserve System.

The Federal Reserve charges the bank a per-item charge for all items that are cleared through the Fed. The bank passes that cost on to the account holder. The account holder, however, gets the added benefit of the bank recognizing the value of his or her collected funds in that bank and giving a credit back against charges incurred for item processing.

All per-item charges and credits are fully disclosed by banks, either when an account is opened or through subsequent notice.

The Fed requires these disclosures by banks, which are still the most highly regulated free enterprise in the United States.

If Klein's bank is unable or unwilling to explain this to him or show him a less expensive option, then perhaps he should take advantage of the free-market system and search for a more competitive bank that can provide him with the service he deserves.

John Sneed

Vice President

Fort Morgan State Bank  
Fort Morgan, Colo.

## The Importance Of Knowing Workers' Wants And Needs

I thoroughly enjoyed reading "Develop Workers—And Your Business" [December].

Too many employers today expect their employees to be able to work at any time and on any task. However, some employees prefer their work to be specialized, while others like it to include broader duties.

Employers should work with employees

to understand their wants and needs. The best way to do this in a small company, as the article stated, is face to face between the owner or manager and the employee.

Adam Plasnik

Cheboygan, Mich.

## Coaching Group Focuses On Business To Business

A couple of members of the group I head, the National Association of Business Coaches (NABC), brought to my attention your article "Enlisting A Coach To Boost Your Game" [December]. I'm so glad they did. The article did an excellent job of capturing the essence of business coaching—as opposed to the other forms of coaching that are roaming the landscape.

However, the NABC, which was founded in 1997, was not mentioned in the list of resources at the end of the article.

The NABC is focused exclusively on business-to-business coaching. A member of the American Society of Association Executives, the NABC grants the certified business coach (CBC) appellation.

Many of our approximately 500 members were once active in the other groups mentioned in your article, and they received good benefits from their membership. But they wanted to be identified with a pure business-to-business coaching association.

Many of our members have backgrounds as CPAs, and others have doctorate, MBA, or law degrees.

Any of your readers who would like to find out more about the NABC can call (301) 791-9332.

Steve Lanning, Executive Director  
National Association  
of Business Coaches  
Clear Spring, Md.

You can communicate with Nation's Business via:

Mail: Letters to the Editor;

Nation's Business

1615 H Street, N.W.

Washington, D.C. 20062-2000

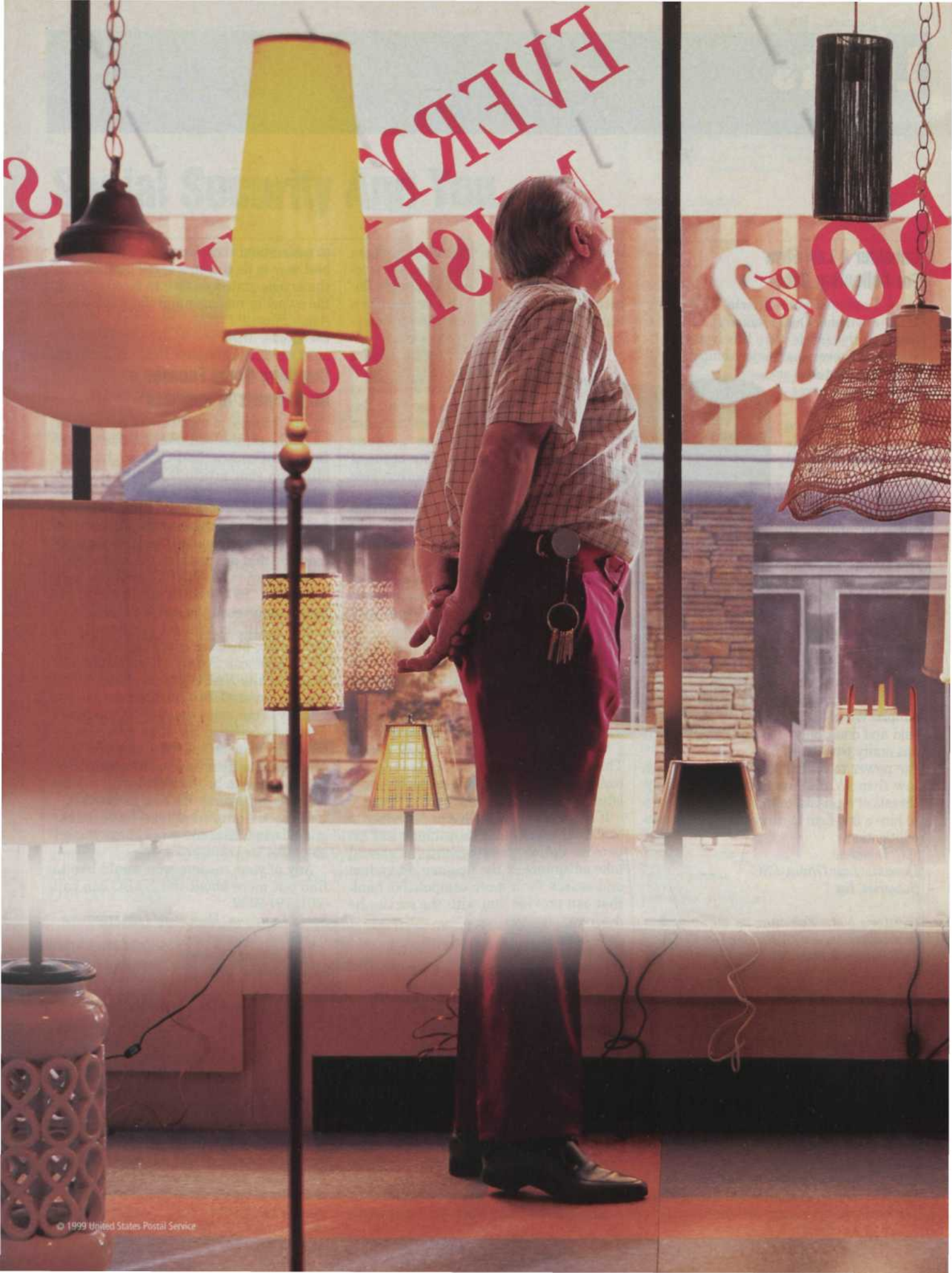
Fax: (202) 887-3437

Electronic mail: editor@nbmag.com

Please include your telephone number and your postal address. Because of space limitations, we cannot print all letters received, and those selected for publication may be condensed.











# What are customers waiting for, an engraved invitation? Well, maybe.

You've invested a lot in getting your advertising message out to the public. But maybe you're neglecting one of the most simple—and effective—advertising media: mail.

Advertising mail can be as simple as a postcard or as elaborate as a multipiece, ongoing customer loyalty program. With breakthrough creative, innovative formats and an increasingly broad range of applications, Direct Mail gives you the space to deliver your message and define your


brand in an immediate, relevant way. As a result, you don't merely communicate with customers; you connect. You go beyond changing attitudes; you change behavior.

So what are you waiting for? Direct Mail can be a very inviting advertising medium—and the number of RSVPs will really impress you.

*For a free kit filled with information, examples and ideas on how adding Direct Mail to your media mix can help build your business, call 1-800-THE-USPS, DM3015.*

*Fly Like an Eagle.™*



 **UNITED STATES  
POSTAL SERVICE®**



# ENTREPRENEUR'S NOTEBOOK

By Robyn Sachs

## Let The Games Begin

In the mid-1990s, my advertising, marketing, and public-relations firm hit a wall. RMR & Associates, Inc., had grown from three people in 1987 to 17 in 1994, and they were managed by department rather than being all under my direct supervision. It was obvious that the positive vibes among the staff were being replaced by whining.

As I listened to gripes such as "Why do I have to do this when it's not part of my job?" I realized that these complaints had less to do with specific tasks than with our corporate culture—or lack thereof. During our growth spurt, we had lost the intimate, we're-all-in-this-together mind-set that had been so natural when we were small and in a sink-or-swim mode.

We lacked a company road map to let everyone know not only where the firm was headed but what bridges needed to be crossed and the role that each individual's efforts would play in helping RMR & Associates win the race.

That led us to adopt the idea of turning business into a game. In short, we began looking at the goals of the company and individual departments as competitive games—complete with scoreboards, prizes, and awards.

The results have been dramatic. Today RMR has \$15 million in annual billings, compared with about \$9 million in the early 1990s, before the games began. The firm's 25 employees have an average tenure of five years. Moreover, we have developed a team of dedicated achievers who



PHOTO: ©DENNIS BRACK—BLACK STAR

**Morale and work ethic have improved at Robyn Sachs' RMR & Associates, Inc., since the firm started getting serious about playing games.**

don't need to ask why they must do something and who know what is needed to achieve company and personal goals.

Our strategies for improving morale and work ethic can be applied to many young companies. Here are some points to remember when refining your game:

**Keep your players' eyes on the prize.** To truly see the value of victory, people need to know the stakes. As part of our managerial shift, we opened our books to employees. With the exception of individual salaries, everyone knows on a regular basis where the company stands financially.

**Game objectives must be meaningful and measurable.** Creating games with specific targets is the best way to focus employees and achieve rapid results. Our games involve meeting work-performance targets: completing certain amounts of work in set periods of time, for example.

We set our targets based on company goals and industrywide standards. This not only helps us determine each worker's contribution to the firm but allows workers to see exactly how they stack up against one another and the competition.

**Don't be afraid to cut players—even your starters—if they aren't into the game.** A competitive, achievement-driven work environment isn't for everyone. But for the games to succeed, everyone must want to play; anyone who doesn't will only be an impediment, no matter how talented they are.

**Be creative and have fun.** Our first five-year companywide game is dubbed "The Northbound Train" and even has a theme song ("Love Train") and "railroad cars" on the walls to measure our progress. When employees win an individual or team game, they get gold tokens redeemable for prizes; each month there is a presidential award recognizing the employee who goes above and beyond the call of duty.

The ultimate goal of the games is to empower workers and motivate them to solve job-related problems. When everyone understands how important their job is and knows the cost of failure and the value of success, a company has a foundation on which it can overcome obstacles, succeed, and grow.

18

## WHAT I LEARNED

*A competitive environment can help workers understand the importance of their jobs and the value of winning.*

Robyn Sachs is president of RMR & Associates, Inc., in Rockville, Md. She prepared this account with Contributing Editor Susan Bidle Jaffe. Readers with insights on starting or running a business are invited to contribute to this column. Write to: Entrepreneur's Notebook, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000.



Big bandwidth.  
Big service.  
Big savings.

—12" antenna—



(No matter how big you are.)

Now small and mid-sized businesses can have the same communications power, preferential treatment and cost savings as the very largest companies. With Teligent. From our 12-inch antenna on the roof of your office building, Teligent's SmartWave™ technology gives you many of the advantages of a fiber-optic connection. This means any size company can now have Internet access up to 100 times faster than a dial-up connection. Enough power for full-motion videoconferencing. High-quality local and long distance service. Plus, our online billing system, e-magine™ offers you an unparalleled ability to view and analyze your bill. Right on the Web. All this is yours from one company, for one predictable flat monthly charge. And it's all up to 30% off. We treat all of our customers equally big. Because they are. For more information, visit [www.teligent.com](http://www.teligent.com).

**Teligent**

The Smart Way To Communicate.™



# Dateline: Washington

Business news in brief from the nation's capital.

## WORKPLACE SAFETY

### OSHA Proposes Rules To Broaden Its Powers

A regulation to give federal workplace inspectors broad new powers to fine employers for health and safety violations has been drafted by the Occupational Safety and Health Administration.

The proposed rule would allow OSHA to fine employers for failing to "identify and assess" any workplace hazards, not just those covered by a specific standard or those generally recognized and easily corrected, such as water on a factory floor.

The new regulation is needed, says OSHA, "to help reduce workplace injuries, illnesses, and fatalities, which are continuing to occur at an unacceptably high rate."

Randy Johnson, vice president for labor policy at the U.S. Chamber of Commerce, says: "This policy would provide OSHA agents with blanket authority to regulate and fine employers at will. U.S. companies simply don't trust the agency with this much discretion." The Chamber is leading a business coalition that is fighting the proposed rule, which was issued despite a steady decline in workplace injuries and illnesses in recent years. (See the chart.)

The proposed rule would require companies to establish written safety and health plans and to "identify and assess hazards

to which employees are exposed and assess compliance with ... OSHA standards."

Businesses are subject to OSHA fines if they don't comply with standards on generally "recognized" or "significant" workplace hazards, such as machinery in disrepair or the need for work to be done in confined spaces.

Implementing the rule would likely be costly and burdensome, particularly for small firms, according to a Clinton administration review

panel. It found that OSHA underestimated business's cost of implementing the rule by a factor of 10 to 20 or more.—David Warner

## ORGANIZED LABOR

### Unions Gain Members But Lose Ground Nonetheless

Organized labor lost ground last year in its efforts to enlist more of the nation's work force, according to figures from the Bureau of Labor Statistics.

The bureau reported that while the U.S. work force grew to 116.7 million last year from 114.5 million in 1997, labor unions' membership grew by 101,000. Unions' gains equaled only 5 percent of the number of newly employed in 1998, and unions' share of the total U.S. work force fell to 13.9 percent from 14.1 percent.

Unions' share of government workers rose to 37.5 percent from 37.2 percent, while their share of all private-sector workers fell to 9.5 percent from 9.7 percent. Union membership grew in the government and service sectors but declined in manufacturing.

—James Worsham

## WOMEN IN BUSINESS

### Women-Owned Firms Lag In Winning Federal Contracts

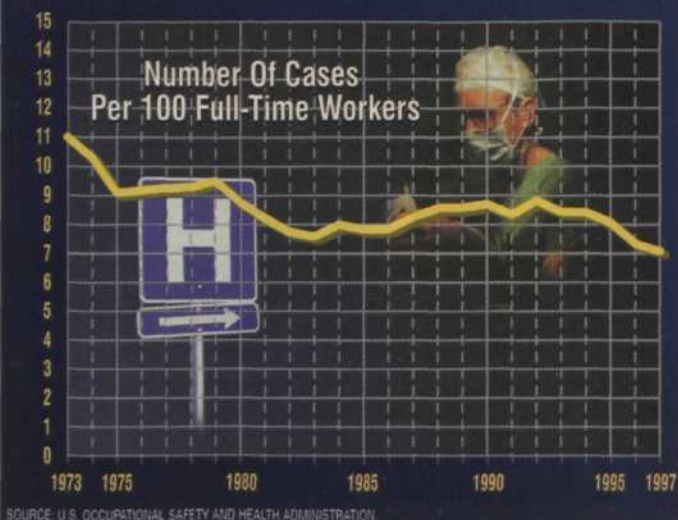
Women entrepreneurs' gains in winning federal contracts have not kept pace with the "phenomenal growth of women-owned business," according to the 1998 report of the National Women's Business Council.

The council, a congressional advisory group, reported that women-owned businesses won \$5.7 billion, or 2.5 percent, of total federal purchases of \$225 billion in prime contracts and subcontracts in 1997, up from 1.3 percent in 1991.

But the report also shows that from 1987 to 1997, the 60 percent increase in the number of women-owned businesses that received prime contracts fell short of the 78 percent rise in the number of women-owned businesses.

"For women-owned businesses to grow, we must build bridges between women entrepreneurs and the public and private sources of contracts," says Kay Koplovitz,

## The Declining Incidence Of Occupational Injuries And Illnesses



founder of USA Networks and chairwoman of the business council.

The council recommends that to meet the congressionally set 5 percent federal-procurement goal for women-owned firms, the government should be required to solicit a bid from at least one women-owned firm for each contract. —Sharon Nelton

### SBA Seeks To Involve More Women-Owned Firms

The U.S. Small Business Administration has signed partnership agreements with 11 organizations to increase the participation of women-owned businesses in SBA programs.

The 11 organizations are the American Business Women's Association; Business and Professional Women/USA; Dialogue on Diversity, Inc.; the National Association for Female Executives; the National Association of Women Business Owners; the National Federation of Black Women Business Owners; the National Indian Business Association; Women Construction Owners and Executives, USA; Women in Technology International; Women Incorporated; and the Young Women's Christian Association of the USA.

—Sharon Nelton



PHOTO: REUTERS  
Kay Koplovitz



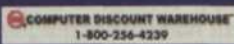
You're online trying to buy  
before the market goes up,  
when the power goes down.



Good thing you invested  
in an APC Back-UPS Office®.

Solutions starting at \$99.

You can find APC power protection products at:



©1999 American Power Conversion. All trademarks are the property of their owners. BP100CT-US • (800)347-FAXX PowerFax • E-mail: apccinfo@apcc.com • 172 Fairgrounds Road, West Kingston, RI 02892 USA



APC Back-UPS® Family

## Real Life

Thanks to online trading you're ahead of the curve. No thanks to faulty power you could lose your edge. An APC uninterruptible power supply (UPS) gives you and your computer the power to make that trade.

## Fact

According to research by IBM, a typical computer is subject to more than 120 power problems a month. Cheap power strips prevent none of the power problems that cause keyboard lock-ups, system crashes, corrupted data, and lost Internet connections. An APC UPS with surge suppression and battery back-up protects your software, hardware, and most importantly, your work. APC Back-UPS® provide clean, reliable power so you can function at peak performance through power glitches, and give you time to shut down during a power outage. Contact your local reseller or visit the listed retailers to add APC's Legendary Reliability to your system today.

**FREE** 68-page Guide to Power Protection.



Order now: Key Code i998z  
<http://promo.apcc.com>

888-289-APCC x8509 • Fax: 401-788-2797



Legendary Reliability™

Circle No. 8 on Reader Service Card



# Managing Your Small Business

*Anticipating your need for star employees; insights from a Baldrige award winner; the traits of good CEOs.*

By Michael Barrier

## RECRUITING

### Hiring Stellar Employees In A Tight Job Market

Brent B. Johnson worked in the Reagan White House and for a large company before he became president of the family construction business, Ringland-Johnson, Inc., in Rockford, Ill. He has learned, he says, that successful organizations have one thing in common: "star performers."

In the current tight job market, however, many small businesses are having trouble finding such performers. Johnson advises small-business owners to "recruit top people before you need them." Instead of scrambling to hire people to implement your plans, he says, hire them when they can help you draw up those plans.

"A lot of businesses think they need sales first," before hiring, he says, "and in some cases maybe they do, but then they're in an emergency mode."

But what if you're not sure what talents you'll need in your employees once your company is getting off the ground? Approach hiring as if you were drafting football talent, Johnson says—go for the best, regardless of position.

Ringland-Johnson doesn't attract its stars with extraordinarily high salaries, Johnson says. "We pay at market level. We're doing other things to build employee morale and loyalty," such as paying the full cost of health insurance for employees

and their families. "It doesn't take the most dollars," he says, "it just takes a wise allocation of those dollars."

As a corollary to a constant effort to hire the best, Johnson believes, you should correct hiring mistakes quickly. "It's important to cut the cord right away if you sense that the person isn't working out," he says.

Ringland-Johnson employs more than 100, up from 75 a little over a year ago, and its efforts to hire the best are

paying off: The company's revenues in the fiscal year that ends March 31 will be about \$25 million, Johnson estimates, up from \$15 million in the previous fiscal year.

## NB TIP

### Helping To Keep The Beat

You may think of heart disease as a male problem, but it is the leading cause of death in American women.

The National Heart, Lung, and Blood Institute, part of the National Institutes of Health, has a way for employers to get that message across to female workers. It's a revised edition of the 100-page *Healthy Heart Handbook for Women*, with the latest information on preventing heart attacks, high blood pressure, and strokes.

A printed copy can be ordered for \$5.50 through the NHLBI Information Center, P.O. Box 30105, Bethesda, Md. 20825-0105. Or you can download a free copy from the institute's World Wide Web site, at [www.nhlbi.nih.gov](http://www.nhlbi.nih.gov).



PHOTO: ©TODD BUCHANAN

"Recruit top people before you need them" so you won't have to hire hurriedly for growth, says Brent B. Johnson, president of Ringland-Johnson Construction in Rockford, Ill.

## RESEARCH

### 'Small Is Good' May Be Based In Biology

Nation's Business often contains stories on how important it is for small companies to keep thinking and acting small, even as they grow larger. Now Nigel Nicholson, writing in the *Harvard Business Review*, offers a new take on why that is: Human brains, he says, have been hard-wired for 200,000 years or so to work best in groups no larger than 150.

Citing a psychologist's research, Nichol-

son, a professor at the London Business School, says that as businesses grow past that limit, they must "struggle with the tendency of people to break off into cliques, or [the tendency] of functions, departments, or even teams to come into conflict with one another."

Thus the persistent efforts by big companies to break themselves into manageable units.

So, if biology is destiny, take heart: Small business is not just in your genes, it's in everybody's.



## STRATEGIES

## Smallest Baldrige Award Winner Imparts Some Big Lessons

No company that has won the prestigious Malcolm Baldrige National Quality Award has been smaller than Texas Nameplate Co., a family-owned Dallas firm with 66 employees. With annual revenues of \$4 million, Texas Nameplate is "the petty-cash account" of the much larger companies that have dominated the list of Baldrige winners since the first awards were made in 1988, jokes the company's president, Dale Crownover.

Texas Nameplate makes metal nameplates for products ranging from oil-drilling equipment to computers. It has been filling that niche successfully since 1946.

The Baldrige trophy—named in honor of Malcolm Baldrige, who was secretary of commerce when he was killed in a rodeo accident in 1987—is awarded to a handful of applicants each year by the National Institute of Standards and Technology, a federal agency within the Commerce Department. Applicants undergo a rigorous examination process that encompasses most aspects of the company's life, from strategic planning to human resources to business results.

What can Texas Nameplate's peers—the thousands of small businesses with only a few dozen employees—learn from its success? Among the lessons Crownover cites:

**You get what you pay for.** For the past three years, all of the company's jobs have paid better than minimum wage, Crownover says. Instead of paying two people minimum wage, he notes, the

company pays one person considerably more than the minimum—and gets the same amount of work as it would from the two lower-paid people.

**Layoffs are highly destructive.** "Morale suffers; customer satisfaction suffers," Crownover says. "We had a layoff in

tightened in the '70s and '80s, Texas Nameplate didn't take it seriously enough at first, but it learned better. "We felt that the best thing to do would be not just to meet the requirements, but to exceed them," he says. The company, which etches most of its nameplates with chemi-

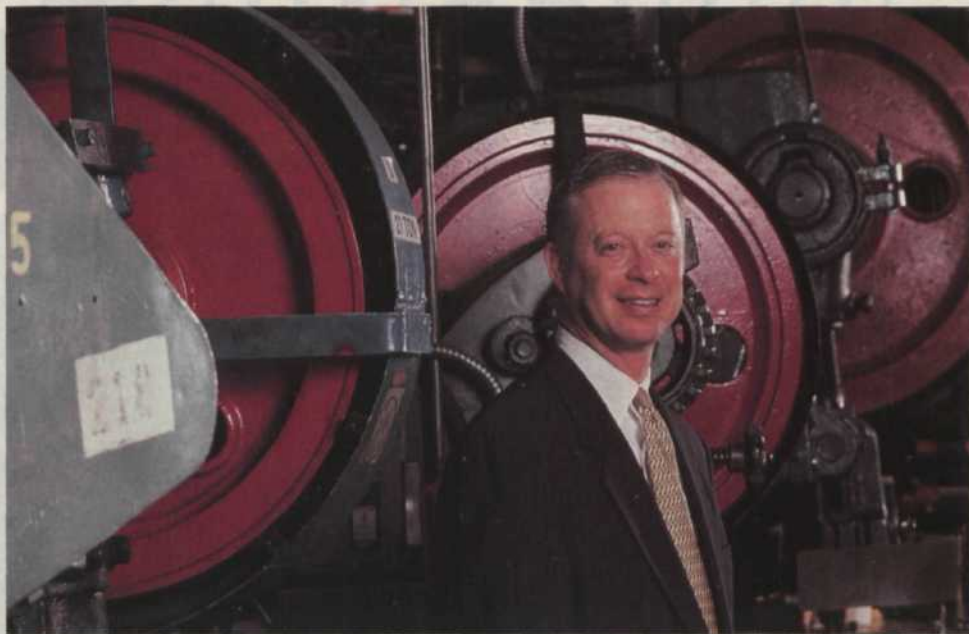


PHOTO: EUGENE R. FULTON JR.

*Use pay to stimulate productivity, advises Dale Crownover, president of Texas Nameplate Co. of Dallas. It is the smallest firm ever to win a Baldrige prize, a national award for quality.*

the early '80s, and it was probably the worst thing we've ever done." If a company has a layoff, he says, "it's an indicator that it does not have good strategic plans in place."

**Stay ahead of regulation.** Crownover says that as environmental regulation

cals, generates 10,000 gallons of waste water a day but is on the verge of cutting to zero the amount of its waste dispersed into the environment. "We're going to be recycling our acids," Crownover says, "which will give us a competitive advantage."

## LEADERSHIP

## Discovering The Habits Of Well-Regarded CEOs

If you're the leader of a small business, you may not think of yourself as a CEO, but you probably should. You are the face your company presents to the world as much as Bill Gates is at Microsoft Corp. and Jack Welch is at General Electric Co.

You may not be as visible as such famous CEOs, of course, but you may loom as large in your own community—or even just your own neighborhood—as a Gates or a Welch does in the world at large.

"There's no such thing as a stealth CEO," Thomas D. Bell Jr., CEO of New York City-based Young & Rubicam Advertising, told the U.S. Chamber of Commerce's board of directors recently.

What does being a well-regarded CEO involve? To find out, the Burson-Marsteller public-relations firm—a Young & Rubicam-owned company that Bell headed until last

year—surveyed 2,600 "influential stakeholders," ranging from financial analysts to government officials, for a 1997 study.

What emerged from the study, Bell says, were "the seven habits of highly regarded CEOs"—that is, "what the research says it takes to really make a difference as a chief executive officer impacting your company's reputation." They are:

**Being believable.** People will remember what you say, Bell says, so be careful what you say—and tell the truth.

**Having a vision.** "Planning to stay out [front] in the future, driving your organization, leading your organization toward that vision, is perhaps the single most powerful thing" a CEO can do, Bell says.

**Leading a great senior team.** You want your company to survive you, so nurture strong leaders within the company who can step into your shoes.

**Understanding global markets.** Even for large companies, Bell says, "this

wouldn't even have been on the list three or four years ago." But now, "the world is our marketplace."

**Embracing change.** The accelerating pace of technological change, Bell says, means that companies must be prepared to go in a new direction almost overnight.

**Loving your customers.** This was rated most important in the survey. "Since it works so well," he asks, "why do we so infrequently embrace as the core of our focus, as the center of our bull's-eye, pleasing our customers?"

**Communicating.** Tell people—customers, employees, and anyone else who should know—what you're doing and why you're doing it. "This is the one I think we do least well," Bell says, "and there is a huge competitive advantage to doing it well."

Your ultimate aim, Bell says, should be to "make your personal brand a powerful weapon for your company."



# Small Firms' Stake In Social Security Reform

*Small-company  
owners could face  
new burdens if  
Congress fails to  
keep entrepreneurs'  
interests in mind.*

*By James Worsham*

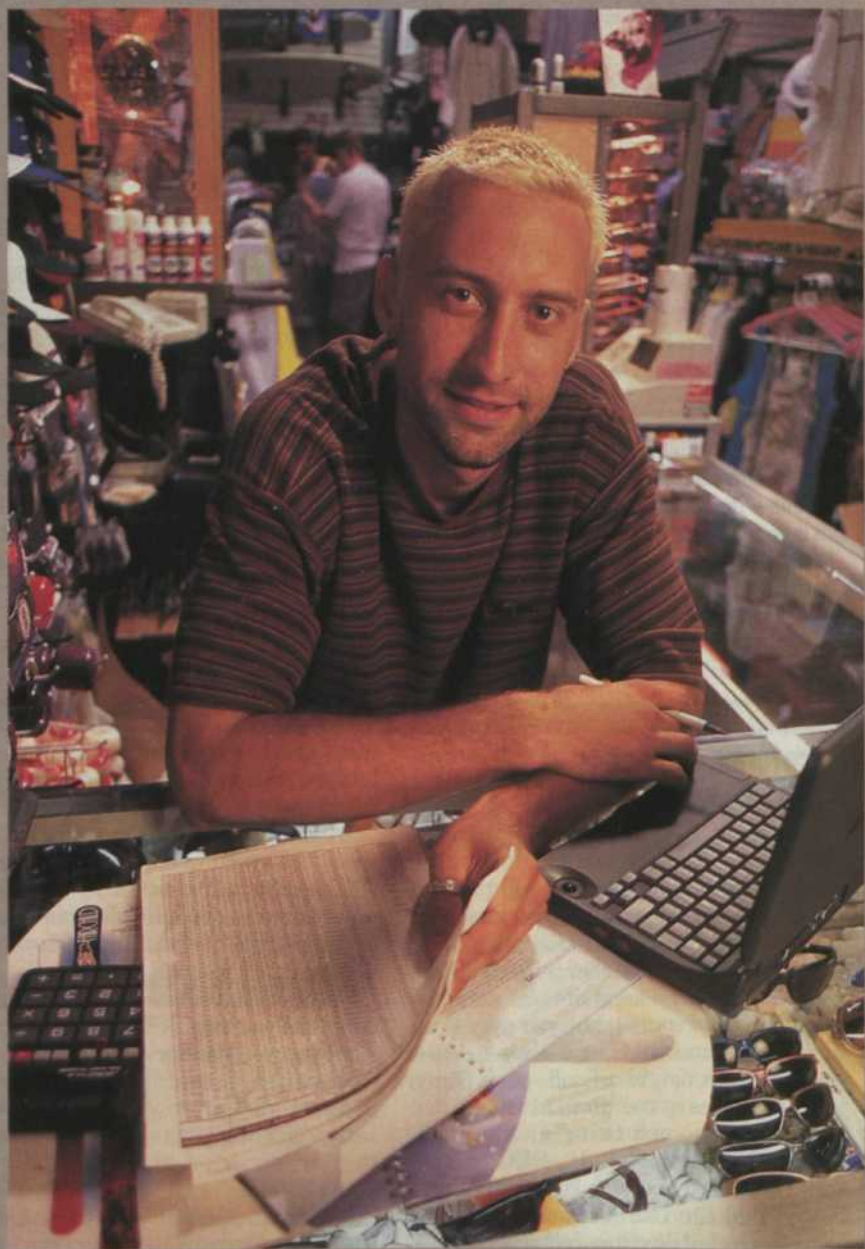


PHOTO: GOMACK SAVAGE—THE STOCK MARKET



As most Americans know, Social Security, perhaps the most revered of government programs, will go broke in about 30 years unless major steps are taken to shore up the system's finances or change the way it works. The insolvency will occur soon after the youngest members of the big baby-boom generation start receiving benefits.

Less well known, however, is the major stake that small businesses have in the outcome of the debate over how to fix the program.

Beneath the surface of some of the reform proposals being considered in Congress are more taxes, more paperwork, and more regulation—prospects that typically are anathema to small-business owners and managers.

Among the most intriguing proposals are measures that would result in every working American having a personal Social Security account invested in the stock market.

"I see this as a cost item and a worry item and a liability item," says Larry Winters, vice president for small-business and express services for Dun & Bradstreet, a New York City-based financial-services firm.

On the other hand, Thomas J. Donohue, president and CEO of the U.S. Chamber of Commerce, says personal accounts would be a good idea, and he believes the details could be worked out so that the accounts would not be hard or costly for small and medium-sized firms to administer. "People on Wall Street and people on Main Street will figure out a way to make them work in a hurry," he told a Washington, D.C., audience in early February.

Federal Reserve Board Chairman Alan Greenspan, however, sought to discourage lawmakers from pinning their hopes on the stock market to solve all of Social Security's problems. He recently told Congress that trying to bolster Social Security's finances with big profits from Wall Street wouldn't rescue the program and that the current

12.4 percent payroll tax for retirement benefits may have to be boosted. "In all likelihood, these taxes will have to be raised, or benefits cut, given that the system as a whole is still significantly underfunded," Greenspan said, adding that the increase might have to be as much as four or five percentage points.

pay half of Social Security taxes and collect the other half from their employees for forwarding to Uncle Sam.

The proposals calling for private investment accounts have been criticized by some as a breeding ground for new costs and administrative burdens and more government regulation for small business. Yet a survey by the nonpartisan Employee Benefit Research Institute (EBRI), a nonprofit research group in Washington, found that while a majority of small-company owners favored private personal accounts, almost two-thirds did not realize they might have to help administer them.

Says EBRI's president, Dallas Salisbury: "Most small employers support Social Security individual accounts only if they don't have to pay for [such a change]—and many don't support [a change] at all. Simply put, the costs and burdens of administration will ultimately define support or opposition from the small-business community."

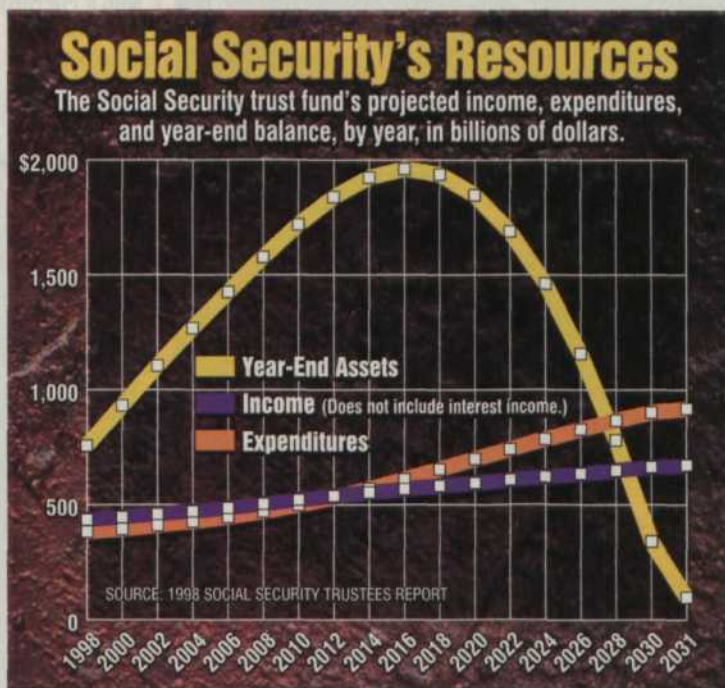
### Momentum Toward Reform

Although Social Security's fiscal crisis is not imminent, there is a sense of urgency. The issue has lost the political do-not-touch status it had for decades and has moved to a top spot on the nation's public-policy agenda. Here's why:

The Social Security system now takes in far more in taxes than it pays out to beneficiaries. Payments are drawn from the Social Security trust fund; by law, money in the trust fund is invested in government bonds.

Unless changes are made in the system, payments will start to exceed receipts in 2013, around the time that baby boomers—people born between 1946 and 1964—start retiring. Then, in 2032, the Social Security trust fund will run out of money. From then until 2075, annual receipts will cover only three-fourths of benefits; after 2075, they will cover two-thirds. (See the chart above.)

Last year, Social Security paid out an estimated \$383 billion to 44 million retirees and their families, to people with disabilities, and to widows and children. It ended the year with



Most lawmakers and experts on Social Security agree that doing nothing is not an option. That's because the system is facing a time when the biggest generation ever will have the longest retirement period to date because people are living longer. At the same time, there will be fewer taxpayers in the working generation to pay the bill for retirees while saving for their own retirement.

So far, lawmakers working on Social Security have been blessed with an abundance of advice but not much consensus. Proposals range from minor adjustments in some of the program's central elements to scrapping the whole notion of federal involvement in a retirement program in favor of helping individuals become more responsible for their retirement income.

Some proposals would expand the employer's role, while others would reduce it. Currently, employers





## COVER STORY

a \$757 billion reserve fund. This reserve, included in the overall federal budget, has made it possible for the federal government to show a surplus for the first time in three decades.

Now, a decade and a half before the system's first fiscal crisis, the search is on for ways to increase Social Security's reserves without having to resort, sooner or later, to politically risky tax increases or benefit reductions.

President Clinton raised the issue's profile on the national agenda in his State of the Union speech in January 1998 when he said that the fiscal 1998 federal budget surplus, the first in three decades, should be used to "save Social Security first."

Those remarks helped propel the Social Security debate from think tanks into the political arena. And last year, a number of town meetings were held across the country by various groups, with a White House Conference on Social Security in December bringing together leading thinkers who might help reach a consensus.

In this year's State of the Union speech, Clinton upped the ante. He proposed that almost two-thirds—or about \$2.7 trillion—of all budget surpluses projected for the next 15 years go to Social Security and that up to 25 percent of that amount be invested in the stock market.

The proposal drew fire from Republicans, many of whom don't like the idea of Uncle Sam serving as the investor, and from the Fed's Greenspan, who argues that there is no way to keep such investments safe from political meddling. And others question the reliability of projections of surpluses so far into the future.

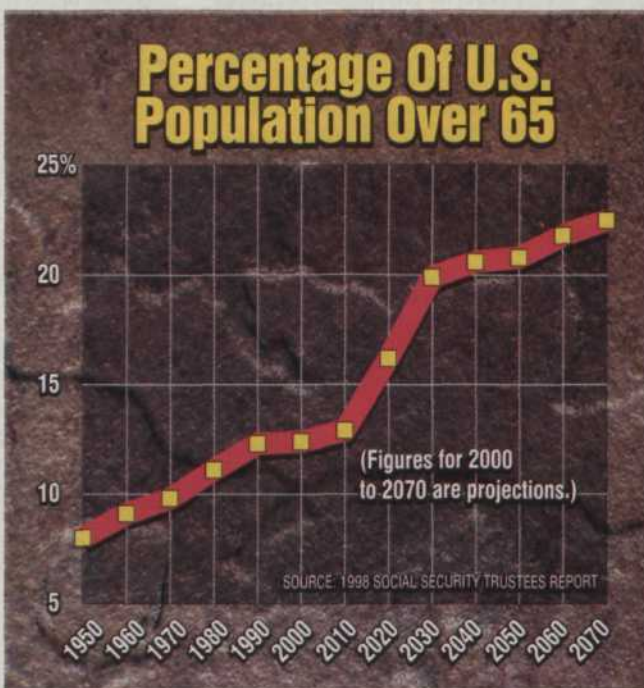
At the same time, Clinton endorsed the idea of private retirement accounts for all working Americans—going on record as favoring some kind of individually held private investment accounts linked to Social Security.

Many Republicans and Democrats also favor that concept.

Clinton's proposals borrowed elements from some of the Social Security reform proposals that have been proposed in Con-

gress and elsewhere. (For a look at some of the major proposals, see "A Broad Sampling Of Reform Proposals," Page 20.) Although no broad consensus on the issue has developed, elements of the proposals have drawn comment.

The U.S. Chamber, for example, supports the idea of privately managed, individual-directed investment accounts; maintaining



current benefit levels; and continuing the voluntary employer-sponsored retirement system. The organization opposes raising payroll taxes or allowing funds in the Social Security trust fund to be invested by the federal government. "We can support a solution to Social Security that incorporates the strength of our financial markets with the active participation of individuals who contribute to the system," the Chamber's Donohue says.

The Chamber also opposes Clinton's proposal of federally funded savings accounts for all Americans. "Trying to save one entitlement program by creating another entitlement program just doesn't make sense," says Donohue.

Those worried about the solvency of the system are pushing for reforms sooner rather than later, arguing that changes instituted now would be less painful at the outset for taxpayers, employers, and beneficiaries than changes instituted 10 to 15 years from now.

Those who want a private-sector alternative to the Social Security system are using the current public interest—along with a robust stock market—to push for private investment accounts to supplement or take the place of all or part of the Social Security system.

## Debate Over Private Accounts

Even as the concept of private investment accounts appears to be gaining support among Republicans and Democrats, it remains a possible source of headaches for small businesses. If all working Americans had such an account, there would be about 140 million of them. They would be similar in some ways to the approximately 25 million active 401(k) plans that many workers have with their employers and that are invested in stocks, bonds, various funds, and other securities.

The idea behind the proposed accounts is to enable future Social Security recipients to build bigger retirement nest eggs than they could under the Social Security system's current investing arrangement. Social Security taxes are required by law to be invested in government bonds, which

## Benefit Increases

For Social Security Recipients  
1950-1998

Month/ Year	Percent Increase	Month/ Year	Percent Increase
9/50	77.0%	6/82	7.4%
9/52	12.5	12/83	3.5
9/54	13.0	12/84	3.5
1/59	7.0	12/85	3.1
1/65	7.0	12/86	1.3
2/68	13.0	12/87	4.2
1/70	15.0	12/88	4.0
1/71	10.0	12/89	4.7
9/72	20.0	12/90	5.4
6/74	11.0	12/91	3.7
6/75*	8.0	12/92	3.0
6/76	6.4	12/93	2.6
6/77	5.9	12/94	2.8
6/78	6.5	12/95	2.6
6/79	9.9	12/96	2.9
6/80	14.3	12/97	2.1
6/81	11.2	12/98	1.3

SOURCE: 1998 SOCIAL SECURITY TRUSTEES REPORT

\*Until 1975, increases were granted by Congress. Since that year, increases have reflected rises in the cost of living based on the Consumer Price Index.

over decades have provided lower rates of return than the private markets.

Some proponents of privatizing Social Security, notably the libertarian Cato Institute in Washington, would create a system of private accounts as an alternative to Social Security. Others propose individual accounts in addition to or as part of the existing Social Security system.

Individual accounts might be structured in a variety of ways. They could be manda-



tory or voluntary. They could be made part of the existing program by diverting a portion of the current Social Security deductions into special accounts (so-called carve-outs), or they could be created in addition to the regular Social Security program through an additional tax or through voluntary contributions by the taxpayer (so-called add-ons).

The president has called for using hundreds of billions of dollars in projected government surpluses over the next 15 years to establish an individual account for each American. Under his plan, the federal government would match voluntary contribu-

tions, with the highest-percent-age matches going to low-income people.

### The Impact On Small Firms

Depending on how they were structured, personal investment accounts could pose significant challenges for small companies. A study by EBRI states: "Almost lost in the debate so far have been any practical considerations about how to administer such accounts. Who would run them? What would they cost? Logistically, are they even possible?"

Janice Gregory, vice president for the



ERISA Industry Committee, an association of large employers that focuses on pension issues (ERISA is the Employee Retirement Income Security Act of 1974), says the impact of personal retirement accounts on small businesses could be minimal—or it could be quite heavy.

On one hand, she says, such accounts could be structured so that companies, regardless of their size, would merely have to send withheld taxes to the government and let Uncle Sam dispense funds to the Internal Revenue Service, the Social Security Administration, and, in the event of a

## How Reform Could Affect You

You're a small-business person and, no doubt, you've seen and heard a lot in the news about the debate over Social Security reform. But how does the debate affect you and your business?

Here are some frequently asked questions—and answers gleaned from experts—to help you on this issue:

**Q Why should I, as a small-business person, be interested in the debate over Social Security reform?**

**A** Reform, depending on the shape it takes, could have a direct impact on your business—and your profits. Proposals for far-reaching changes, such as an investment account for each employee, could involve a lot of administrative work for employers, the government, or third parties.

**Q What could be the specific impact of some of the proposed reforms on my small business?**

**A** They could take a lot of time from you and your staff, cost money, require more paperwork, and force you to comply with new federal regulations.

**Q Can you give an example?**

**A** Depending on the reform option chosen, you might be required to transfer employees' money to separate investment accounts, just as employers offering 401(k) plans must do each month.

**Q I already have a pension plan for my employees. Isn't this just more of the same?**

**A** Many pension plans don't require regular contributions and are invested without the involvement of employees. The new type of account included in several reform proposals could mean workers would be more actively involved in how the funds are invested,

just as they are with 401(k) accounts. Workers could make investment changes periodically.

**Q So the proposed accounts are like 401(k) plans?**

**A** Yes and no. There are about 25 million active 401(k) plans now. That's about one-seventh of the number of plans that might be required if personal accounts for all working and retired Americans are mandated.

Most people with 401(k) plans have above-average incomes and know something about investing. These newly proposed accounts would be for everybody, including people in the lower-income brackets and those with little knowledge of or experience with investing. So the plans might be designed with that in mind.

**Q Just how much will I have to do if the individual investment plans become law?**

**A** It's too soon to tell. That's because we're a long way from knowing the details. The proposals range from a government-run program, such as the proposal President Clinton suggested, to other plans that would be managed and owned by individuals themselves.

**Q Will these plans be part of Social Security?**

**A** In some proposed plans, funding would come out of the employees' Social Security payroll taxes. In other

cases, employees would put up the money themselves. The president's plan would have the government match voluntary contributions from individuals, like many employers match 401(k) contributions from employees.

Several plans, including Clinton's, count on years of projected federal bud-

get surpluses for funding. Federal surpluses are projected through 2009.

**Q Would my Social Security payroll taxes go up?**

**A** Not necessarily. Although some proposals call for a higher payroll tax to shore up Social Security, private individual accounts wouldn't necessarily require an increase.



PHOTO: DIETER BECK—THE STOCK MARKET

*Small-business owners could acquire new paperwork and regulatory obligations under some Social Security reform proposals.*

**Q Will I have to hire more people to run these plans?**

**A** Maybe. It would depend on the accounts' structure and the costs and administrative burdens you would have to bear.

**Q I now contract out my payroll services. Could the company I use for that service administer these plans?**

**A** Probably. There's a big industry of companies that perform administrative tasks for businesses, such as handling payrolls and benefit programs and running pension plans. They almost surely would be ready for new business that could be created as a result of changes in Social Security.



## COVER STORY

new program, private accounts, wherever they might be.

At the other extreme, Gregory says, employers might be asked to "do virtually everything for every employee for whom they must provide a W-2 form." Gregory says that she doesn't expect that to happen but that a final plan could require employers to do more than they're doing now. "Then you could have anything in between. It depends on how the account is set up," she says. That could mean sending out W-2 forms not once a year but quarterly or even monthly, she says, or it could mean shipping the withheld payroll taxes to not one but two places.

According to the EBRI study, one burden that could be imposed on employers is the need to move cash into employees' accounts quickly so the money could be invested and



potential earnings would not be lost.

Currently, it takes seven to 19 months for an individual's Social Security account to be credited with a contribution, but the individual's

benefits are not affected by the time lag because the benefits are defined and not based on when the money was withheld.

Because of the importance of speedy cash transfers in a system of individual accounts, the EBRI study says, "timely and accurate contributions are extremely important—so much so that additional regulations and enforcement activities may be levied on employers if they are called upon to administer all or part of an [individual-account] system."

If companies are required to do the actual investing or transferring of funds from one investment option to another as

the employee directs, small firms could face additional difficulties.

"If the employer is going to do it, it's going to be a big paperwork job," says Dean Baker, a senior research fellow and Social Security expert at the Preamble Center for Public Policy, a research organization in Washington.

Winters, of Dun & Bradstreet, says the individual-account system is "fraught with a lot of problems. You need pretty sophisticated systems to have money being transferred all over." He says many small firms are unfamiliar with the technical requirements of filing the proper paperwork with federal agencies or investment firms.

Roger Harris, president of Padgett Business Systems, a consulting firm in Athens, Ga., with thousands of clients nationwide, agrees that such an arrangement could create a lot of new paperwork requirements for small firms, even if the accounts con-

## A Broad Sampling Of Reform Proposals

Social Security's future fiscal problems have been the subject of numerous ideas and proposals for reform. Here are highlights of some of the most prominent proposals:

### President Clinton's Plan

Sixty-two percent of the \$4.4 trillion in projected federal budget surpluses over the next 15 years would be used during that period for Social Security, and up to 25 percent of the portion taken from surpluses would be invested in the stock market.

An additional 11 percent of the \$4.4 trillion in surpluses would be used to start personal retirement accounts—President Clinton calls them universal savings accounts—for Americans. The federal government would match voluntary contributions, with the largest matches going to lower-income people.

The basic structure of the Social Security system would remain unchanged.

### The Roth And Kasich Plans

Slightly different versions of a plan to use surpluses to fund private accounts have been proposed by Senate Finance Committee Chairman William V. Roth Jr., R-

Del., and House Budget Committee Chairman John Kasich, R-Ohio.

A large share of any federal budget surplus in a given year would go to the program. All



Among Senate architects of reform plans are Daniel Patrick Moynihan, D-N.Y., left, and William V. Roth Jr., R-Del.

Americans who qualify for Social Security coverage would get a set amount in their account annually. Individuals could choose among a stock fund, bond fund, or government bonds. The government would run the program, but private-sector managers would oversee investments.

Current Social Security would be unchanged.

### The Ball Plan

Former Social Security Commissioner Robert Ball would allow individuals to put 2 percent of their pay, in addition to the current Social Security tax, into accounts invested in the stock market.

Also, Ball calls for investing up to 50 percent of the Social Security trust fund in stocks, increasing the maximum amount of wages subject to taxation, and including all new state- and local-government workers in the Social Security system.

Ball's plan is similar to one he proposed in the report of the 1994-96 Advisory Council on Social Security.

### National Commission's Plan

The National Commission on Retirement Policy, a bipartisan panel set up by the Center for Strategic and International Studies, a Washington, D.C., research group, proposes that a two-percentage-point share of the 12.4 percent payroll tax be diverted into private accounts. Workers would be allowed to add \$2,000 more a year to their accounts, and they would have three investment options: com-

mon stocks, bonds, a stock-bond fund, or government securities.

The age of eligibility for full benefits would be raised to 70 by 2029 and then indexed to life-expectancy tables—a means of keeping the average number of years that retirees draw Social Security benefits constant as life expectancy increases. A minimum benefit of 100 percent of poverty-level income would be guaranteed to individuals who worked at least 40 years.

The proposal was introduced last year by Sens. John Breaux, D-La., and Judd Gregg, R-N.H., and Reps. Jim Kolbe, R-Ariz., and Charles Stenholm, D-Texas.

### The Moynihan-Kerrey Plan

The federal government would collect only what it needed to pay benefits. The Social Security payroll tax rate would be lowered from 12.4 percent to 10.4 percent for 2002 through 2029. It then would be increased in stages to 13.7 percent by 2060.

The maximum earnings subject to the payroll tax—now \$72,600—would be boosted in stages to \$99,900 by 2004 and then indexed to increases in average wages.

Voluntary personal savings accounts made up of funds saved from the initial tax cut





tained only modest amounts of money. "You could be doing \$100 worth of paperwork for a \$50 contribution" to an account, he says.

In addition, in a system with 140 million or more accounts, the possibility for fraud and abuse would be a concern. EBRI forecasts that the government would probably become more actively involved in regulation "as soon as real or perceived problems or abuses" were discovered.

Arthur Levitt, chairman of the Securities and Exchange Commission, agrees. In a speech at Harvard University late last year, he said greater federal regulation would be inevitable, especially with the probability of increased fraud: "If we are to have self-directed individual accounts, we must be ready to undertake an unprecedented level of broad-scale policing of the equity markets."

Kelly Olsen, a research associate at EBRI, says small firms generally tend to make

more mistakes in tax reporting and are unable to process their wage and tax data as quickly as large firms. And those deficiencies would amount to a serious problem under defined-contribution plans that require funds to start earning as soon as possible.

In the EBRI study she co-authored, Olsen says that an individual-account system "that relies on small employers to help administer it will be slower and more error-prone than if small employers were excluded."

### A Structural Challenge

Despite potential problems, a system of private individual accounts could be structured in such a way that it would not impose too many heavy requirements on small businesses, some experts say. They



add that even without such a structure, small companies could get help in complying with new regulations.

"It wouldn't be a problem for our industry," says Gary Butler, president and chief operating officer of Automatic Data Processing, Inc., a Roseland, N.J., company that provides employer services, including payroll distribution, to clients nationwide. Butler says that his company and others that perform similar services, in handling payrolls for various firms, already move money to the Treasury Department and the Social Security Administration as taxes and to private savings and pension plans.

The key for small businesses, however, may be in Congress making the plans as simple as possible to administer. And technology may help.

"The administration of these plans will

would be allowed, or individuals could receive their share as an increase in take-home pay. The level of benefits a recipient would get at retirement would decrease in accordance with increases in average life expectancy and the time spent drawing benefits.

Sens. Daniel Patrick Moynihan, D-N.Y., and J. Robert Kerrey, D-Nebr., have reintroduced this proposal in the Senate this year.

### The Feldstein Plan

Economist Martin Feldstein, former chairman of the Council of Economic Advisers and now a professor at Harvard University, proposes that individuals be required to put 2 percent of their earnings into personal retirement accounts that would be managed by professional financial investors. Then they would deduct from their federal tax liability an amount equal to their contributions to the account.

Budget surpluses would cover losses in federal revenue resulting from the tax reductions. For every dollar withdrawn from a personal account at retirement, Social Security benefits would be cut by 75 cents.

The current Social Security structure would remain unchanged.

### Brookings Scholars' Plan

Henry Aaron and Robert Reich, scholars at the Brook-

ings Institution, a Washington-based public-policy research organization, call for increasing the retirement age for full benefits to 67 by 2011.

The retirement age then would be raised only to keep the average number of retirement years constant as life expectancy increased.

All benefits would be taxed. All new state and local government workers would be included in the Social Security system.

A new Social Security Reserve Board would be set up to invest most of the system's reserves in private stocks and bonds.

### Advisory Council's Add-On Accounts

Individuals would contribute an additional 1.6 percent of their pay into a government-held personal savings account, but they would have limited choices on how the funds would be invested.

Social Security benefits, meanwhile, would be reduced by increasing the retirement age and slowing annual increases.

This plan is one of three options developed by the 1994-96 Advisory Council on Social Security.

### Advisory Council's Two-Tiered System

Under another of the options from the Advisory Council on Social Security, the current system would be replaced with two parts: a flat-rate benefit equal to 65 percent of the poverty level, and a personal savings account funded by a five-percentage-point share of the 6.2 percent payroll tax on workers.

Employees would own and manage their accounts, and they would choose from a wide range of investment options. The changes would be phased in over several generations.

## How The System Works

A 12.4 percent payroll tax, equally divided between employer and employee, goes into the Social Security trust fund. For 1999, the payroll tax is assessed on wages up to \$72,600.

Full Social Security benefits are currently paid to retirees age 65 or older. People who retire between age 62 and 64 get reduced benefits for life. A person whose Social Security payments begin at 62 receives 80 percent of full benefits. The percentage rises on a sliding scale according to the retiree's age—year and month—at the start of benefits. People who apply for So-

cial Security later than age 65 are eligible for increased benefits, up to a maximum of 132.5 percent of full benefits for those whose payments begin at age 70.

Under current law, the age for 100 percent benefits is scheduled to rise gradually between 2000 and 2027 to age 67.

Reserves in the Social Security trust fund are invested in government bonds.

High-income beneficiaries, individuals with incomes over \$34,000, and couples with total incomes over \$44,000 must pay up to 85 percent taxes on benefits.

### Cato Institute

The Washington-based Cato Institute, a public-policy research organization, proposes full privatization. The total 12.4 percent Social Security wage tax—half paid by employers, half by employees—would be channeled as a 10 percent tax to fund private investment accounts and a 2.4 percent tax to pay transition costs and promised benefits under the current system for 10 years. A minimum benefit would be guaranteed.

There would be no Social Security benefits for workers who opted out of the program, since their investment accounts would provide benefits.

Full retirement age for Social Security would be raised in stages to 70 by 2029.



## COVER STORY

get cheaper and cheaper as we get more-sophisticated computers and hookups," says William Dunkelberg, a professor of business at Temple University in Philadelphia and a small-business expert.

Dunkelberg and others suggest that individual accounts could be structured so that individuals would have a limited choice of investments—such as a stock fund, government securities, or a blend—much as some companies give employees a limited choice of ways to invest the funds in their 401(k) plans. In addition, limits could be placed on how often the individual could change the investment patterns in an account. In fact, such limitations are contained in several of the proposals for private accounts.

### Uncle Sam On Wall Street

Another way to reap the higher returns of the private market and increase the Social Security trust fund, some reformers say, would be to have the federal government invest all or part of the reserves in the stock market.

As with the private accounts, the idea is to cash in on the higher rates of return that stock-market investments

have historically produced, 7 to 10 percent, compared with

the rate of return the Social Security trust fund gets from lending its reserves to the government, about 2 to 3 percent.

Clinton embraced the idea in his recent State of the Union speech, saying that investing a portion of Social Security in the private sector, "just as any private or state-government pension would do," would "earn a higher return and keep Social Security sound for 55 years."

Some members of Congress and economic experts have embraced that idea in their proposals, but the recommendation drew fire from some Republicans, who see it as dangerous government intrusion in the marketplace. "I will oppose government-managed investment in the private sector," said Rep. Bill Archer, R-Texas, chairman of the tax-writing House Ways and Means Committee.

The proposal also drew some high-profile opposition from Fed Chairman Greenspan, who reiterated his argument that such government investments could not be free of political influence and as a result could end up with lower-than-hoped-for rates of return. "I do not believe it is politically feasible to insulate such huge funds from governmental direction," he told the House Ways and Means Committee on Jan. 20.

Nonetheless, proponents argue that a new government board could be set up to make the investments or oversee them, insulating investment decisions from politics much as

the Federal Reserve insulates the setting of interest rates from politics. Moreover, the proponents say, having public money invested in private markets isn't a new concept; some state pension systems do it.

The concerns of some Republicans are echoed by Jim Morrison, senior policy adviser for the Washington-based National Association of the Self-Employed. He says that it would result in the federal government owning "huge pieces of U.S. businesses" and having the ability to influence the actions of those companies. "It's really not a good idea, philosophically and practically, for government to do the investing," he says.

Todd McCracken, president of National Small Business United, a Washington-based association, says he fears that small companies might be hurt under such a plan if all the government investments were in safe bets such as large corporations and mutual funds and not in riskier small businesses and small-business funds. "How could we invest some of these funds in the small-business community?" he asks.

### Additional Suggestions

Besides government investing and individual accounts, there are several other proposals for shoring up the Social Security

## The Politics Of Reform

Although Social Security is no longer as politically untouchable as it once was, achieving any reform this year—whether minor or revolutionary—may not be easy.

The divisive and highly charged political atmosphere on Capitol Hill following the House impeachment and Senate trial of President Clinton could make it hard for lawmakers to take any bipartisan action on Social Security among themselves or with the president.

Nonetheless, the president and lawmakers in both parties all appear interested in doing something to shore up Social Security's finances and get the system ready to serve baby-boom retirees.

And with Clinton's proposal for personal accounts that could be invested in the stock market, it puts both sides on record in favor of having the marketplace play a role in Social Security reform.

"The president will need a legacy, and the Congress will need some accomplishments," says Michael Tanner, a senior policy fellow at the Cato Institute and a proponent of radically changing Social Security.

In Clinton's State of the Union speech Jan. 19, he proposed using 62 percent of a projected \$4.4 trillion in budget surpluses over the next 15 years to bolster Social Security's finances, investing some of that money in the stock market.

Clinton also called for using an additional share of the surpluses to set up private investment accounts, to be called universal savings accounts, for all Americans, with a program of federal matches for individual contributions.

The Clinton plan drew immediate fire in Congress. Republicans generally oppose the idea because it would involve the government in the private marketplace, and Federal Reserve Board Chairman Alan Greenspan says he fears that politics would come into play in determining exactly how Social Security reserves would be invested.

But Rep. Bill Archer, R-Texas, chairman of the tax-writing House Ways and Means Committee, welcomes Clinton's support for individual accounts. "I think we could sit down and work very constructively in that direction," he says.

A number of lawmakers in Congress and various experts and economists also have plans for Social Security, and many elements of the plans are similar. (See "A Broad Sampling Of Reform Proposals," Page 20.)

Unlike the president's call in 1998 to use all of the projected federal budget surpluses to shore up Social Security, his scaled-back proposal this year to use only part of the surpluses for the retirement program enabled him to propose a number of new non-Social Security spending proposals to be funded with the remainder.

Such proposals, coming at a time when Uncle Sam has budget surpluses for the first time in three decades, will collide with Republican proposals for tax cuts for individuals and businesses, including some important cuts for small business.

"The president has given Republicans a green light to propose some tax relief as an alternative to some of his spending proposals," says Phillip D. Moseley, national di-



PHOTO: OWEN MCHAMBER—REUTERS

**Use budget surpluses to bolster the system and create individual savings accounts, says President Clinton.**





**Increasing Taxes:** As of mid-February, there was little support for proposals to increase the payroll tax on employers and employees. Currently, the Social Security tax is 12.4 percent (divided equally between employer and employee) on income up to \$72,600 per worker.

rector of legislative services for Ernst & Young, a financial-services firm; he also was a GOP staff chief for the Ways and Means panel.

Meanwhile, Bruce Josten, executive vice president for government affairs of the U.S. Chamber of Commerce, says there must be strong bipartisan support in Congress and full involvement by the president for any Social Security legislation to be successful.

As for tax cuts, as some Republicans propose, Josten says an across-the-board reduction would be good for small businesses because many small firms file as individuals.

In addition, he says, Congress may provide reductions in the estate tax and further speed up the phase-in of full deductibility of health-care costs for the self-employed.

Josten says the political calendar poses a problem for action on taxes or Social Security. The campaign for the 2000 presidential election is expected to get off to an early start. Primaries in a number of states, including California, have been moved to earlier dates, and some candidates are already running hard.

If there is to be any action on Social Security after the impeachment matter is resolved in the Senate, lawmakers will have to move fast because there may be little time to forge a plan that could command the support of a majority of Congress as well as the president.

Nonetheless, says Josten, it's important that action to shore up Social Security come sooner rather than later. "The longer you wait," he says, "the fewer options you have and the more draconian they become."

system's finances, and they could have major impacts on small businesses.

Among those proposals:

The 12.4 percent rate has been constant since 1990, although the earnings subject to the tax have been rising by \$3,000 to \$4,000 annually.

The self-employed, who must pay both the employer and the employee shares, would take a double hit from any increase.

Any such tax increase in today's competitive business climate would be hard for small firms to handle. If firms passed such an increase on to customers in the prices of goods and services, they would risk losing business. If companies absorbed increases in the cost of doing business, profits could suffer.

And there is no escape. "Whether a company makes money or not, it must pay its [payroll] taxes," says John Evans, the New York-based deputy director of the Arthur Andersen Enterprise Group, a financial-services provider for small and medium-sized businesses.

Several other plans would bring all new state and local government employees—many of whom are in private or state pension plans—into the Social Security system.

**Delaying Retirement:** Several proposals would raise the retirement age, which is 65 for full benefits. However, the 1983 Commission on Social Security Reform has already secured enactment of an increase in the normal retirement age. It will occur gradually between 2000 and 2027, when the age of eligibility for full benefits reaches 67.

Several reform plans would speed up the raising of the retirement age; one calls for increasing it to 70 by 2029. And under several proposals, the retirement age would be indexed to life expectancy so that the average number of years people spend in retirement before death would remain constant.

But even something presumably as simple as raising the retirement age could have an impact on employers. If an employer's pension plan is integrated with Social Security, it might mean an employer would have to pay out more or an employee might receive less, depending on how the plan is designed.

**Reducing Benefits:** Benefits are now increased each year at the rate of increase of the Consumer Price Index (CPI) for the previous year.

The Labor Department revised the CPI, beginning in January, and will shave three-fourths of a percentage point off the inflation rate, but that is not enough for some critics. In recent years, as inflation has remained at low levels, the cost-of-living increases have been small.

One plan, for example, would keep cost-of-living raises one-half of a percentage point below the CPI rate of increase, while another would keep raises a full percentage point below the CPI increases.

Another way to reduce benefits is to tax benefits for recipients whose income is above a certain level or to deny benefits to elderly people who are relatively wealthy.

It remains to be seen whether Congress will take action to shore up Social Security this year in the aftermath of the impeachment and trial of President Clinton and

the beginning of the 2000 presidential campaigns this fall.

Before lawmakers tackle Social Security problems, they may choose to deal first with the related—and more urgent—problems of Medicare, the federal program that provides medical benefits to people over 65 and to the disabled. Medicare is expected to go broke in 2007.

A report expected to be issued in early March by a bipartisan Medicare commission could push that issue to the forefront.

But it appears that lawmakers in both political parties are now willing to at least address—if not yet solve—Social Security's problems.

And action might occur if lawmakers can agree on the basic outlines of a proposal and on how potential negative impacts on all parties, including small businesses, could be avoided or minimized.

## Growth In Social Security Payroll Taxes

Years	Maximum Wages Subject To Tax	Tax Rate*
1945	\$ 3,000	2.0 %
1950	3,000	3.0
1955	4,200	4.0
1960	4,800	6.0
1965	4,800	7.25
1970	7,800	8.4
1975	14,100	9.9
1980	25,900	10.16
1985	39,600	11.4
1990	51,300	12.4
1995	61,200	12.4
1996	62,700	12.4
1997	65,400	12.4
1998	68,400	12.4
1999	72,600	12.4

SOURCE: 1998 SOCIAL SECURITY TRUSTEES REPORT

\* Total tax rate for employee and employer; each pays at half the total rate. The rate does not include the Medicare payroll tax, instituted in 1967 and now levied on all income at a total of 2.9 percent, with employee and employer each paying at half the total rate.



The proposal for individual accounts is workable, says House Ways and Means Committee Chairman Bill Archer, R-Texas.

Social Security come sooner rather than later. "The longer you wait," he says, "the fewer options you have and the more draconian they become."



To order a reprint of this story, see Page 59.



# Small Business Financial Adviser

*Protecting your firm's survival; sidestepping capital-gains taxes; promoting direct deposit; choosing a broker.*

## The Ultimate Assurance Of Buy-Sell Agreements

By Juan Hovey

**T**he next time you take a breather from the crises of the day, consider this question: What would happen to your company if you died or became disabled?

Many business owners do nothing to plan for such events; they assume their families could sell their companies. They see death and disability as remote threats, and they spend their time worrying instead about everyday problems such as sales, inventory, and payroll.

Doing nothing, however, endangers all who depend on your success—your family, your partners or key employees, even your suppliers and customers. Death or disability can destroy a business, leaving nothing behind for those who sacrificed for it.

There is, however, a solution to the problem—a legal document called a buy-sell agreement. Tailored to fit your circumstances and properly funded by life and disability insurance, a buy-sell agreement guarantees that your death or disability will not strip others of everything you have accomplished.

### Policies And Players

How does a buy-sell work? In brief, it gives your family a guaranteed buyer for your business in case you die or become disabled, and the purchase price is agreed upon before, not after, disaster strikes. Moreover, a buy-sell agreement gives the buyer the money to carry out the deal.

More specifically, if you have partners or minority stockholders, a buy-sell commits them to take control of your company, and

the insurance enables them to do so. Similarly, a buy-sell could allow your management team or key employees to buy out your interest.

The benefit to your family is clear: Such an agreement gets a cash buyer for your company with no muss or fuss. For your partners or key employees, the benefit is equally clear: They get a going concern

tant, and certified financial planner).

What kind of insurance do you need? Many business owners buy only term life insurance because it delivers the biggest death benefit for the least amount of money. If you want the life insurance in your buy-sell only to fund the agreement itself, term is a good option.

Cash-value insurance costs more—and does more. The cash builds over time and could supplement your pension benefits or help you buy out a partner who retires or quits. Cash-value life insurance also looks good when you negotiate a bank loan or other financing for your business.

Like cash-value life insurance, disability coverage can be costly. And it may not be easy to get, depending on your age, health, and occupation.

Nonetheless, insurance professionals maintain that the buy-sell agreement funded only by life insurance covers only part of the risk and that disability insurance is at least as important as life insurance in

such an arrangement. The National Association of Insurance Commissioners calculates that at age 45 a man faces an 18 percent chance of becoming disabled for 90 days or more before age 65. A woman at age 45 stands a 24 percent chance.

### A Preservation Plan

In short, a buy-sell agreement can bring peace of mind to all concerned—as business partners Ray G. Ellis, Scott Hopkins, and John L. Leimbach discovered when they negotiated their buy-sell several years ago.

The three partners own Mailing Concepts, Inc., a direct-marketing agency in San Diego. The agency, founded by Ellis 11 years ago, serves customers such as BankAmerica Corp., the Smithsonian Institution, and 3Com Corp. Hopkins and



free of encumbrances to outside parties who probably have no firsthand experience running your company.

Buy-sell agreements can become dizzyingly complex, however, and that's one reason why many business owners don't put them together. And they can be costly to set up and fund. Drafting the agreement requires legal and possibly accounting help as well as good advice on the insurance that makes the agreement effective.

The key player in creating a buy-sell agreement is usually a life-insurance agent. You want one with broad experience in dealing with the problems of business succession planning, preferably one holding a designation such as CLU, ChFC, or CFP (respectively, chartered life underwriter, chartered financial consul-

Juan Hovey is a business writer in Thousand Oaks, Calif.



**You'll find the lowest term life rates in America at Quotesmith.com or we'll overnight you \$500. Other pleasant surprises now include instant auto, life and medical insurance quotes from 375 large, safe & well-known companies.**

**\$250,000 Term Life Sampler**  
**Guaranteed Annual Premiums/Guaranteed Level Term Period**  
**Female Premiums** **Male Premiums**

Age	10 YEAR	15 YEAR	20 YEAR	25 YEAR	30 YEAR
35	\$ 120	\$ 135	\$ 165	\$ 235	\$ 235
40	\$ 153	\$ 188	\$ 200	\$ 298	\$ 300
45	\$ 200	\$ 210	\$ 265	\$ 400	\$ 415
50	\$ 260	\$ 313	\$ 400	\$ 578	\$ 608
55	\$ 385	\$ 440	\$ 600	\$ 956	\$ 1,065
60	\$ 535	\$ 690	\$ 865	\$ 3,140	\$ 3,140
65	\$ 883	\$ 1,015	\$ 1,733	\$ 4,100	\$ 4,100
70	\$1,430	\$ 1,637	\$ 3,035	\$ 5,270	\$ 7,220
75	\$2,797	\$ 4,770	\$ 6,560	\$10,370	\$10,370

Age	10 YEAR	15 YEAR	20 YEAR	25 YEAR	30 YEAR
35	\$ 138	\$ 163	\$ 198	\$ 280	\$ 300
40	\$ 185	\$ 210	\$ 260	\$ 385	\$ 383
45	\$ 260	\$ 335	\$ 395	\$ 548	\$ 585
50	\$ 378	\$ 500	\$ 600	\$ 863	\$ 915
55	\$ 568	\$ 758	\$ 865	\$ 1,805	\$ 2,810
60	\$ 908	\$ 1,130	\$ 1,365	\$ 4,100	\$ 4,100
65	\$1,530	\$ 1,845	\$ 2,923	\$ 5,270	\$ 5,270
70	\$2,665	\$ 3,539	\$ 5,405	\$ 7,370	\$10,070
75	\$4,415	\$ 7,848	\$ 9,650	\$13,640	\$13,640

**"Quotesmith provides a list of all insurance companies & plans that match specific needs. The first to make available this new custom -search service."** - *Nation's Business*

**"Quotesmith saved us time and money. I shopped from my own office and found the best deal available. I was impressed."** - *Linda Picazio, Ft. Lauderdale, Florida*

**"Get quotes on the spot. New source for best buys in insurance. One way to get to know the market."** - *Kiplinger's Personal Finance*

**"Quotesmith ranked more than 250 policies for Forbes. The premiums vary wildly."** - *Forbes*

**"Quotesmith keeps a database of about 350 insurance companies."** - *Good Housekeeping*

**"Quotesmith offers particularly thorough searches."** - *Los Angeles Times*

**"Researching insurance companies can be confusing and tedious. To simplify the task, call Quotesmith."** - *SmartMoney*

**"Quotesmith will scan the insurers and provide a list of different policies suited to your needs."** - *Money*

**"Enter the virtual agent. This solution has value for those who value immediacy and privacy."** - *U.S. News & World Report*

**Quotesmith is the only Internet site on earth where you can get instant auto, life & medical insurance quotes from 375 top-rated companies. It's lightning fast, easy, informative, unbiased, private and FREE!**

We give you detailed information - including underwriting requirements - and the latest claims ratings from A.M. Best, Duff & Phelps, Moody's, Standard & Poor's and Weiss Research, Inc. on every term life quote. And when you're ready, you can request an application from the company of your choice online, without having to talk to any insurance salesman!



Avoid buying mistakes and bad advice. Use the Quotesmith high speed insurance price comparison service before you buy or renew any insurance policy. Have questions or want quotes mailed to you for free? Call us toll-free at 1-800-431-1147, 24 hrs.

**Quotesmith.com**

AD CODE: NB 3/99

Final premiums and coverage availability will vary depending upon age, sex, state availability, hazardous activities, personal and family health history. The non-tobacco use premiums shown above may include: Banner Life Ins. Co., Rockville, MD, form RT-97; Catholic Order of Foresters, Naperville, IL, form RTL; First Penn-Pacific Life, Hoffman Estates, IL, form BT-1002AA(2-96); Control #B98-198(3/98); Golden Rule Ins. Co., Indianapolis, IN, form GRI-L-17.1; The Midland Life Insurance Co., Columbus, OH, form T376 & T846; Old Republic Life Ins. Co., Chicago, IL, form 8-1077; National Life, Montpelier, VT, form 28-88; Protective Life Ins. Co., Birmingham, AL, form GP-06; Security-Connecticut Life, Avon, CT, form 11420; West Coast Life, San Francisco, CA, form #971137400. Rates shown are not applicable to residents of FL, NJ & NY. Policy forms vary by state. \$500 lowest price guarantee not available in SD. CA #0827712. Some premiums shown are graded premium life policies and/or term-like universal life policies. Premium rates always escalate after initial rate guarantee period.



## SMALL BUSINESS FINANCIAL ADVISER

Leimbach are vice presidents with minority stock interests.

"It took us about six months to put the [buy-sell] package together," says John Leimbach, the company's chief financial officer. "But when we got it done, we knew we had guaranteed the long-term survival of the company in the event of the death or disability of any one of us."

Through a referral, Leimbach met Jim Whistler, CLU, ChFC, an agent in San Diego for Milwaukee-based Northwestern Mutual Life Insurance Co. In a series of meetings, Whistler explored the partners' plans and problems. With help from their lawyers and accountants, he shaped a buy-sell agreement funded by life and disability insurance on each partner.

The insurance policies, Whistler says, put teeth into the buy-sell agreement by guaranteeing that neither death nor disability could wreck the company the partners built or leave their families in the lurch.

Whistler placed two disability and two

life-insurance policies on each partner—12 policies in all. For each partner, one of the two disability policies is payable directly to the partner, guaranteeing him an income in the event of disability. The second policy is payable to the company, giving the other partners the wherewithal to buy the disabled partner's stake.

In contrast, both life-insurance policies on each partner are payable to the company. Funds from one would buy out the deceased partner's interest; funds from the other would finance the search for a replacement.

One of the life policies on each partner is term insurance, the other is cash-value insurance. A partner who retires can draw on that cash value to supplement his pension.

### 'Too Busy Running Their Companies'

Clearly, Whistler says, it takes some planning to put together a buy-sell funded by life and disability insurance, and many business owners use the complexities as

an excuse to avoid the job altogether. "Most business owners are too busy running their companies to think about these things," Whistler says. "They deal with inventory and sales and payroll, and they don't take the time to think about what would happen if they weren't around. And no one wants to spend money on insurance if they don't perceive the value of it."

"But it's better to decide now what to do if disaster strikes because if you wait until it does, it's too late."

In any case, he adds, insurance covering both disability and life is crucial to a good buy-sell agreement. Without the insurance, he says, the surviving partners in a business have no means with which to carry out their commitment to buy the interest of the missing partner.

Leimbach agrees. "I looked at these policies and I said, 'Gosh, these things are expensive.' But you buy insurance for things you hope don't happen. These policies make it easier to sleep at night." ■

## TAXES

## When It's Better To Give And Receive

The bull market of the 1990s has sent the value of many small-business owners' portfolios skyrocketing. But many are reluctant to turn those assets into cash because of the capital-gains taxes they would have to pay.

There's a technique, however, for converting the stocks without incurring capital-gains taxes. It's called a charitable remainder trust, and it can benefit both the owner of the assets and a charitable organization designated to receive those assets.

A charitable remainder trust, which is irrevocable, enjoys special privileges under the tax code. When ownership of assets is transferred to such a trust, the trust may sell the assets without incurring capital-gains taxes.

After such a sale, trust assets can be reinvested, and the donor receives an income stream, either fixed or variable, from the trust. Upon the death of the donor or after a designated term, the assets are distributed to the charitable organization designated in the trust.

In addition to sidestepping capital-gains taxes, charitable remainder trusts reduce income and estate taxes.

First, the donor receives a current income-tax deduction for the future value of the gift to the charity. Since the property will not pass to the charity until the end of the term of the trust, the charitable deduction is calculated in accord with the term and the rate of payment to the donor from the trust. Second, the donor cuts es-

tate taxes because the gifted assets are no longer part of the donor's estate.

Moreover, a person who creates a charitable remainder trust may decide to use income from the trust to buy life insurance, naming as beneficiaries the heirs who would have received the donated assets.

To see the workings of a charitable remainder trust, consider the hypothetical example of a married couple, both 60:

■ The couple uses a \$1 million stock portfolio to establish a charitable remainder trust from which they will get income of 8 percent yearly for up to 26 years, at which time the charitable organization will receive the remainder of the assets in the trust.

■ The couple's portfolio included \$800,000 worth of capital gains, but by using the stocks to create the trust, they avoided paying \$160,000 in taxes. (Long-term capital gains are taxed at 20 percent.)

■ The couple also takes a tax deduction of \$165,000. It is the sum that, through complex calculations, is determined to be the amount that would produce annual income at a fixed maximum rate for the donors and be worth \$1 million in 26 years.

■ With the tax savings and the trust in-



come, the couple purchases life insurance equal to the value of the stocks to replace the inheritance for their children.

In short, charitable remainder trusts lower the tax bill for people with appreciated assets while also raising money for nonprofit organizations. As with any other advanced estate-planning technique, however, it is important to get help from a competent adviser before establishing such an arrangement.

—David Burros

*The author, a CPA and certified financial planner, is CEO of Denver-based Burros Consulting & Speaking.*



## PAYROLL

# Pluses Add Up For Direct Deposit Of Paychecks

By Peter Weaver

**D**irect deposit of payroll checks is not only a convenience for workers but also a cost saver for employers.

Companies can save as much as \$1.25 for every payroll check that is deposited directly in an employee's bank account, according to the National Automated Clearing House Association (NACHA) in Herndon, Va.

So far, however, enthusiasm for direct-deposit arrangements has lagged among small firms. While 84 percent of companies with 100 or more employees offer direct deposit, according to the Federal Reserve Bank in St. Louis, the figures for smaller firms are 49 percent (50 to 99 employees) and 31 percent (under 50 employees).

"It's a convenience perk for our employees," says Larry White, payroll manager for Oklahoma Fixture Co., a custom woodworking firm in Tulsa with 500 employees. "And it's cost-effective because we can cut down on check forms that have to be printed and handled."

Although some employees still prefer to have their check in hand on payday, many enjoy not having to wait in line at a bank to deposit it. The St. Louis Federal Reserve study shows that when direct deposit is offered to a firm's employees, an average of 71 percent of them sign up for it.

In some instances, though, it can take a while to get a majority of employees signed up. "We started offering direct deposit three years ago," says Steve Harmeling, controller for Cincinnati-based Paradigm Communications Group, an industrial-video production company, "and less than 20 percent went for it. Now the number is more than 80 percent."

The percentage of participation may depend on the mix of blue-collar and white-collar employees within a company. "Overall, we have 60 percent of our employees on direct deposit," says Oklahoma Fixture's

White, "but the figure is 90 percent for our white-collar people."

Lower participation in the blue-collar, manufacturing part of the company, White says, is attributed to higher employee turnover and to a degree of distrust for a payroll system in which there's no chance to handle the paycheck.

In addition, says NACHA spokesman Mike Herd, some lower-income workers don't have bank accounts.

## Getting Started

Educating employees on how the system works and how it can make life easier for them is an important first step in instituting a direct-deposit arrangement, Harmeling and White say. This is why banks and payroll-service companies usually provide

plains, "to make sure all the numbers were correct."

If management and the implementing bank or payroll-service company do a good job of educating employees on how smoothly direct deposit can work, there's usually a sufficiently high enrollment to make the program cost-effective.

## Benefits For Employees

Most employees seem to like the convenience of having paychecks show up in their bank accounts, and direct deposit is a major plus for some employees. "Our sales reps really like it," White says, "because when they're out of town on the road, they know their pay will be in the bank and not sitting around someplace."

Direct deposit can also help employees implement basic money-management strategies. "Some of our employees have part of their pay routed into savings or investment accounts," says Harmeling, "with the bulk of it going into checking accounts."

To make more information available to a wider business audience and to encourage the formation of more direct-deposit payroll programs, especially among small businesses, a Direct Deposit Coalition has been formed by NACHA, regional clearing-house associations, some Federal Reserve banks, and the U.S. Treasury Department.

Following are resources for business owners thinking of starting direct deposit for their employees:

### ■ Direct Deposit—A Business Strategy, published by the National Automated Clearing House Association, identifies all the benefits for management and employees and provides a time line for setting up a direct-deposit program within 45 days. For a free copy, call 1-800-487-9180.

■ *The Payroll Manager's Guide To Successful Direct Deposit*, published by the American Payroll Association in New York City, is a complete, 320-page start-up manual. The price is \$54.95. Content and ordering information can be found at the association's World Wide Web site, at [www.americanpayroll.org](http://www.americanpayroll.org).

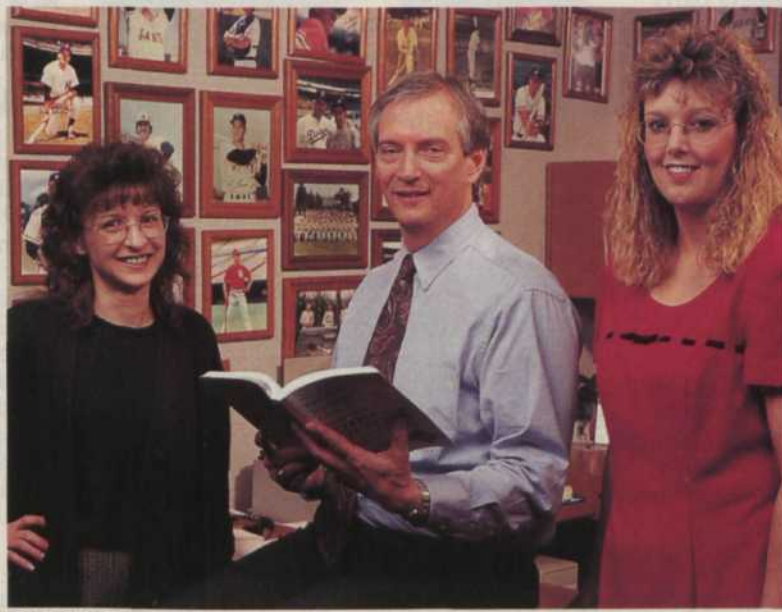


PHOTO: BRICK STILLER—BLACK STAR

*Direct deposit of paychecks is convenient for employees and cost-effective for the company, Oklahoma Fixture in Tulsa, says Larry White, payroll manager. With him are employees Beverly McPike, left, and Sarah Manley.*

on-site orientation programs for employees and managers.

"We go out to companies to show employees how it works," says Donald W. Hance, vice president for small-business banking at Union Bank of California in Los Angeles, "and they can use our bank or any other bank they choose."

Says Paradigm's Harmeling: "The bank we dealt with showed us how to do direct-deposit payroll and how simple it was." The first step, he says, was to give the process a dry run. "We tested everyone's deposits offline for two weeks," he ex-

*Peter Weaver is a free-lance business writer in Bethesda, Md.*



## INVESTING

# Check A Broker's Research Before Signing Up

By Randy Myers

**I**n the market for a full-service broker? Before you open an account, take a close look at what your commission dollars would be buying.

While most full-service brokerage firms offer a remarkably homogeneous array of financial products and services, they differ significantly in one important area—the breadth and quality of their stock research.

And since research is a big part of why you hire a full-service broker—discount brokers who don't offer advice would charge far less to handle your account—it only makes sense to find a firm whose investment philosophy matches your own.

"When you're going clothes shopping, you have a choice between Brooks Brothers and Abercrombie & Fitch," says Barry Sahgal, director of research for Ladenburg Thalmann & Co., a medium-sized brokerage firm in New York City. "They're both clothing stores," he says, "but they're very different, and you need to know what you're in the market for."

"The same is true with a brokerage firm. If you're 70 years old and looking for conservative investments," he says, "a firm that's recommending a lot of Internet stocks might not be right for you."

## Get A Fix On The Focus

Start your search by asking prospective brokers how their firms select the stocks they recommend to their clients. Some have a value focus, meaning they usually recommend stocks with a low price relative to the issuer's earnings potential.

Value stocks appeal to conservative investors, who like getting a bargain.

If you're an aggressive investor, you may prefer a brokerage firm that emphasizes growth stocks—shares of companies with better-than-average prospects for earnings growth. Because of their high-octane potential, these stocks command higher price-to-earnings multiples than the average share. Growth stocks can soar when the market is climbing but drop precipitously when their growth rates slow or the overall market hits a rough patch.

Conservative or aggressive, you should also ask a potential broker the average size of the companies covered by his or her research department. If you're conservative, you may prefer stocks of large, established companies—for example, those with a

market capitalization of \$5 billion or more.

If you're aggressive, you may want a heavier concentration of smaller companies in your portfolio, hoping that some will blossom into tomorrow's leaders. Big national brokerage firms often cover a cross section of large- and small-company stocks; smaller firms often specialize in stocks of small or medium-sized com-

panies or in companies within a specific geographic region or industry group.

percent over the period, compared with 147.9 percent for the S&P 500. You might also look at how often the stocks on the brokerage's list are replaced. If you're modeling your investment portfolio on that list, frequent changes could lead to lots of short-term capital gains subject to federal taxes at marginal rates up to 39.6 percent. By contrast, gains on stocks held for at least 12 months are taxed at a maximum rate of 20 percent (or 10 percent for taxpayers in the 15 percent tax bracket).

To most investors, turnover above 100 percent—a level at which every stock would be sold within a year—is above average. Rick Chrabaszewski, special-projects manager with Zacks, says that six of 15 recommended lists he studied in 1997 had turnover rates above 100 percent.

Some brokerage firms trying to land your account may tout the size of their research team. While it's tempting to believe that bigger is better (and broad coverage of the marketplace is certainly not bad), it doesn't necessarily translate into better stock picks.

A.G. Edwards, for example, has just over 100 analysts, or about one-sixth the number of analysts at industry giant Merrill Lynch. But for the five years ended Sept. 30, 1998, A.G. Edwards' recommended list outperformed Merrill's by 48.5 percentage points.



panies or in companies within a specific geographic region or industry group.

## Check The Track Record

In addition to considering a brokerage firm's investment style, you might also ask about its stock-picking track record. Most firms routinely publish a "recommended list" or "focus list" of their favorite stocks—usually about 20 to 30 issues. While few clients invest exclusively in that list, it's a convenient yardstick by which to measure a firm's stock-picking prowess.

The results may surprise you. Over the five years ending Sept. 30, 1998, only two of 13 recommended lists analyzed by Zacks Investment Research in Chicago outperformed the Standard & Poor's 500-stock index, a popular stock-market benchmark for money managers. At the top of the heap was A.G. Edwards & Sons, a St. Louis firm whose picks earned 178.8

**I**n the end, of course, the value of a firm's research will be determined by how well you and your individual broker put it to use. "You need to work with somebody you can trust and who will put your investment priorities first," says Terry Sandven, director of the portfolio-strategy group at Piper Jaffray Inc., a Minneapolis-based brokerage firm.

Stuart Freeman, chief equity strategist at A.G. Edwards, says: "I think a broker has to go about picking stocks in a way that makes sense to the client. But it's important to know that there is a strategy and a base of knowledge behind the choices that a broker is making."

Let's go one step further. You need to know not only that there is a strategy in place but also that the strategy dovetails with your investment objectives. If it doesn't, you'll probably end up working with the wrong broker.

Randy Myers, formerly a writer and editor for Dow Jones & Co., Inc., is a financial writer in Dover, Pa.



**HOT** F U N D S !  
**SIZZLING** F U N D S !  
**HIGH-OCTANE** F U N D S !  
**SUPER** F U N D S !



For crying out loud, everyone calm down before you hurt yourselves.

Chasing hot funds is a dubious investment strategy at best. It's frantic, and it can unnecessarily expose you to market volatility. Which is why we recommend a method of investing that is rooted in research and discipline. A value philosophy that focuses on the long term, with the idea of achieving goals. Because all this yelling and shouting about the so-called "hot funds," well, it doesn't make any sense to us. To learn more about Lord Abbett, call your investment professional or Lord Abbett Distributor LLC at 800-800-3635 to obtain a prospectus of the fund you are interested in.



**LORD, ABBETT & CO.**  
*Investment Management*

*A Tradition of Performance Through Disciplined Investing*

Lord Abbett mutual fund shares are distributed by:

**LORD ABBETT DISTRIBUTOR LLC**

The GM Building • 767 Fifth Avenue • New York, NY 10153-0203

*A prospectus contains more complete information about a fund, including charges and expenses, and should be read carefully before investing.*



# RED ME



# ANS GO



**RED NOW MEANS AFFORDABLE HIGH-SPEED DATA TRANSFER.**

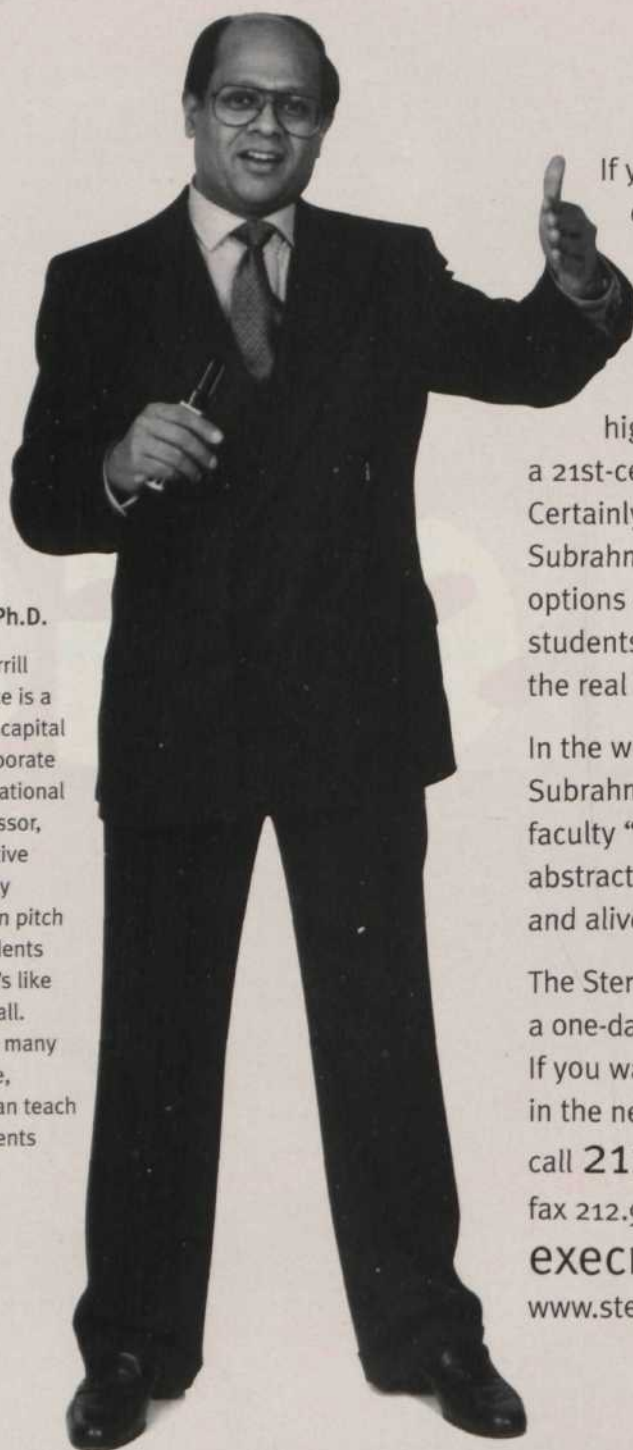
Red means digital connectivity. 17 times faster than 56K, 8 times faster than ISDN over standard phone lines. Find out what Red means for your business.

At [www.red-2000.net](http://www.red-2000.net) or 1-888-RED-2000.

**RED**



# Quality + Ideas = Success



**Marti G.  
Subrahmanyam, Ph.D.**

NYU Charles E. Merrill Professor of Finance is a world authority on capital market theory, corporate finance, and international finance. As a professor, he finds the Executive Programs especially appealing. "You can pitch ideas to these students at a higher level. It's like hardball, not softball. Because they have many years of experience, there's a lot they can teach me and other students as well."

If you attend an MBA program one day a week, you must learn as much as other MBAs – and our students do. At Stern's Executive MBA Programs, the classroom – with all its high-tech bells and whistles – is a 21st-century arena for discussion. Certainly this is true of Professor Subrahmanyam's classes in futures and options and corporate finance. His students call him a "wizard" who brings the real world into the classroom.

In the words of one recent graduate, the Subrahmanyams of the Stern School faculty "take ideas that are difficult and abstract and make them understandable and alive."

The Stern Executive MBA Program is a one-day-a-week, two-year commitment. If you want to lead your company in the new global marketplace, call **212.998.0777**  
fax 212.995.4222  
**execmba@stern.nyu.edu**  
[www.stern.nyu.edu/execmba/](http://www.stern.nyu.edu/execmba/)

NEW YORK UNIVERSITY  
**NYU**  
**STERN**  
LEONARD N. STERN  
SCHOOL OF BUSINESS

EXECUTIVE  
**M B A**



## FINANCE

# Borrowing Tailored For Exporters

By Roberta Reynes

**W**hen Crown Products, Inc., was founded in 1989, the owners financed the business from their own resources for the first couple of years—just as many entrepreneurs do. Then, because of growth in accounts receivable, Crown needed more working capital than the owners could provide.

At that point, Crown—a Metairie, La., company that exports commodities such as sunflower seeds and grocery products—ran into a problem that is largely confined to exporters. It's widely known among exporters that, unlike domestically oriented businesses, companies whose customers are overseas usually don't have the option of using accounts receivable as collateral for financing.

"Commercial lenders don't recognize international receivables as collateral," explains Kee H. Lee, president of Crown. He says the lenders fear that they won't be able to collect on unpaid bills from some foreign countries.

Crown is owned by Lee; his wife, Sun Kim, the director of administration; and Jeffrey Teague, vice president. In its first year, the business did \$5 million in sales. Every year since, revenues have grown by 10 to 15 percent. Today the 10-employee company exports its products—which are sold under the company's brand—to 200 customers in 70 countries, generating \$16 million in annual sales.

Fortunately for Crown, by the time it had to borrow, the owners had been in business long enough to know that there are government programs that guarantee bank loans to exporters. They found one such program through their local bank.

*This story is part of a continuing series on ways for small companies to locate the financing they need to run their businesses.*

## Finding SBA Assistance

In the fall of 1995, Crown switched banks, becoming a customer of New Orleans-based Hibernia National Bank. Unlike the first lender, Hibernia offered a strong international-banking department and an aggressive focus on serving small businesses.

*An SBA program enables export firms to get short-term loans and use accounts receivable as collateral.*

exporters by providing guarantees of 90 percent on transaction-specific loans or revolving lines of credit up to \$833,333. Foreign receivables can be counted as collateral. The money can be used for many purposes, including manufacturing costs.

Businesses pay the SBA a guarantee fee



PHOTO: JACKSON HILL

*To borrow working capital for their food-exporting firm, Kee H. Lee, left, president of Crown Products in Metairie, La., his wife, Sun Kim, director of administration, and Jeffrey Teague, vice president, used a federal loan-guarantee program that accepts overseas accounts receivable as collateral.*

That combination meant good service, a larger line of credit, and low fees, says Lee.

The Hibernia bankers guided Crown to the U.S. Small Business Administration's Export Working Capital Program (EWCP). The program helps lenders provide short-term working capital to small

of 0.25 percent on an EWCP loan. Although a single loan cannot exceed one year, it can be reissued for two additional one-year terms, with an additional 0.25 percent payment required at each reissuance.

In addition, the bank charges "the pre-



## FINANCE

vailing interest rate on a line of credit" or a single-transaction loan, says Carol Ward, a Hibernia vice president and the bank's government/SBA manager.

Crown started out with a \$550,000 EWCP-guaranteed line of credit at Hibernia. After a year, the line was extended to \$760,000.

"We used the [money backed by the EWCP] to offer terms to customers and to finance receivables—in other words, to buy the products from our suppliers," says Lee. In September 1997, the business graduated to a program offered by the Export-Import Bank of the United States, which offers bigger loan guarantees than the EWCP.

### A New Coordination

The SBA's trade-financing program has been around for about 10 years. But it is just starting to hit its stride.

Eileen E. Cassidy, director of the SBA's Office of International Trade in Washington, D.C., says the EWCP was "re-engineered" in 1994. It was coordinated with programs offered by the Ex-Im Bank to eliminate duplication, make processing easier for lenders, and enable businesses to move smoothly from the EWCP to the Ex-Im Bank as they grow.

"We have quadrupled the number of loans that we've done since the program was re-engineered," says Cassidy. "We are up to 413 guarantees in fiscal 1998."

About 100 more loan guarantees were made through a complementary offering called the International Trade Loan (ITL) program. It provides guarantees on loans of medium to long term—up to 25 years. The SBA can guarantee up to \$1.25 million when the two programs are used together.

Cassidy says the ITL is "for needs like purchasing equipment or building another facility. It is used mostly in combination with other SBA-guaranteed loans."

Even though the number of loans made through the programs has grown since the re-engineering, there have still been relatively few takers. "A lot of small businesses and lenders don't know they exist," Cassidy acknowledges. That may be about to change. "We are trying to create a demand for small businesses who want to explore exporting," Cassidy says. For the first time, goals are being set for the number of loan guarantees made through the two pro-

grams, and progress will be monitored closely.

### Lenders' Criteria

The SBA's World Wide Web site lists the various eligibility requirements for the EWCP and the ITL. (See "Getting Started In Exporting," below.) For example, it says that retail and service businesses must have revenues of at least \$3.5 million. But Cassidy observes that "if we believe that there is a real need, I don't think that we are as strict with those industry classifications" as business owners might expect.

Similarly, the rules stipulate that a business must have been in operation for a year to be eligible. But Hibernia's Ward says: "We have seen younger companies receive guarantees. In one case, the owners had been exporting as employees of another business, and then they set up their own shop to do just about the same thing. Obviously, they had international experience."

In general, however, Ward likes to see candidates that have been in business for a while, are financially stable, and have developed a domestic market for their goods and services.

Once Hibernia has approved a loan—conditioned on getting an EWCP guaran-

tee—government approval can take "as little as 24 hours to a week," says Ward. The decisions are made by U.S. Export Assistance Centers (USEACs) throughout the country.

Don't assume that the bank nearest to you is the best one to work with in applying for an EWCP guarantee. Not many banks have a lot of experience with these loans, Cassidy says. Some of the most active program lenders, she says, are Comerica Bank in Detroit; Hibernia; Marine Midland Bank in Buffalo, N.Y.; and Washington First Bank in Seattle. You can also ask your nearest USEAC for recommendations in your area.

"Look for a bank with an international department," Lee advises. "Things will go a lot smoother than with an institution that doesn't know anything about global banking."

Says Cassidy: "Small businesses have just begun to realize their export potential. They have so many new tools. With the Internet, information about exporting to Indonesia or Mexico is at your fingertips."

Exporting reports that once were extremely difficult to get unless you worked at an embassy, she says, are now available on the Internet.

"Despite the economic turmoil in some parts of the world," concludes Cassidy, "I believe that the next 10 years will be the small-business exporting decade."

Clearly, the Office of International Trade, through its expanded trade-loan-guarantee programs, is working to make that forecast a reality. **NB**

*Roberta Reynes is a business and financial writer in Spencertown, N.Y.*

**"Small businesses have just begun to realize their export potential. ... I believe that the next 10 years will be the small-business exporting decade."**

—Eileen E. Cassidy, Director,  
SBA Office of International Trade

## Getting Started In Exporting

Business owners seeking to export could stop first at the World Wide Web site of the U.S. Small Business Administration's Office of International Trade (OIT), at [www.sba.gov/oit](http://www.sba.gov/oit).

Next, says Eileen E. Cassidy, director of the OIT, owners should contact the nearest of the 19 U.S. Export Assistance Centers. These are listed on the Web site. (The site also offers "trade links" to additional resources for exporters.)

The Web site also contains information on the agency's Export Working Capital Program, which helps lenders provide short-term working capital to small exporters; the maximum financing is \$833,333, and foreign receivables can be counted as collateral.

Cassidy also recommends:

■ *Breaking Into the Trade Game: A Small Business Guide to Exporting*. This free, 300-page book, which was co-sponsored by the SBA and AT&T Corp., can be obtained by calling the OIT at (202) 205-6720. The book explains international-trade terms and offers resources and other useful information.

■ *Trade Secrets: The Export Answer Book for Small- and Medium-Sized Exporters* is published by the Michigan Small Business Development Center, an outreach program of Wayne State University in partnership with the SBA and others. The book's diverse topics include how to use the Internet in exporting and the best way to ship products. Price: \$25. Call (313) 964-1798.





You only have  
two hands. But  
it's amazing what  
they can reach.

Once you set a goal for your small business, you know you'll find a way to succeed. Global business is a perfect example.

More and more, small businesses are finding a way to expand internationally. How? With the help of Global Delivery Services™ from the United States Postal Service. You don't have a single dollar—or moment—to waste. We offer a wide range of reliable, cost-effective solutions, including Global Priority Mail™, Express Mail International Service™, Airmail and volume business services. And we can support your complete business cycle. From acquiring to servicing to retaining customers.

You can also count on our substantial knowledge and commitment, built through years of teaming up with businesses like yours. Together we'll find a way to put the world at your fingertips. To find out more about

Global Delivery Services, send for our Small Business Solutions Kit. Simply call 1-800-THE-USPS, ext. DM2033.

See the World Differently. *Fly Like an Eagle.™*



 UNITED STATES  
POSTAL SERVICE®

[www.uspsglobal.com](http://www.uspsglobal.com)



## TECHNOLOGY

# High Time To Swat The Millennium Bug

By Tim McCollum

**J**ack Autry Jr. saw trouble looming and faced it straight on. The warning signs were clear: If he didn't prepare his computer systems for the year 2000, the year 2000 might shut down both his company's computers and its sporting-goods-distribution business.

So when he discovered last spring that the accounting software that his company, AWR Distributing Inc. in El Cajon, Calif., depended on to keep track of inventory and orders wasn't year 2000 compliant, he quickly moved to install a new system that would keep the company going.

"We didn't want to wait until 1999 to work on it," says Autry, AWR's vice president and general manager. "I wanted to deal with any issues that came up now. I feel sorry for companies" that were waiting for 1999.

Many companies did wait and even now haven't acted, and they are running out of time.

In a survey last April by Wells Fargo & Co., only 23 percent of small-business owners said they had taken action to fix year 2000 problems. The small companies that still haven't prepared now have just months in which to address the problems that their computer hardware and software may experience come New Year's Day.

## A Grim Scenario

On Jan. 1, many small companies may find that their computers won't work. Their software won't recognize dates after 1999. Programs such as spreadsheets and databases may interpret dates in 2000 as being in 1900 and make calculations accordingly.

Corporate America has made progress on fixing year 2000 problems, according to Cap Gemini America LLC, a New York City-based information-technology con-

sulting firm that is conducting a survey of year 2000 readiness.

Small companies, however, tend to focus more on day-to-day business problems than

*Small firms that have waited to prepare for year 2000 computer problems might find consultants scarce, but there are other ways to get 11th-hour help.*

small businesses [in the Wells Fargo survey had] done so little about the year 2000."

Now that the year 2000 is getting closer, small firms are beginning to seek help, but they may have trouble getting the assistance they need.

Burton says "the small business has really been left out by the large consulting firms," which prefer to work with large companies on their year 2000 problems because the contracts are more lucrative. Small companies are more likely to find a smaller consultant willing to help, but those consultants are now being swamped with 11th-hour calls from small firms.

## Ghosts In The Machines

The roots of the year 2000 problem go back to the beginning of computers. As recently as the mid-1990s, computer programmers allotted only two digits for years, so that the date Jan. 1, 1999, for instance, took the form 01/01/99. But in 2000, computers programmed this way will read Jan. 1 as 01/01/00 and will interpret the year as 1900.

When that happens, computer hardware and software may malfunction. Computers may shut down or not start up. Software may crash or calculate dated information incorrectly. Entrepreneurs may find that they appear to be 99 years behind on bills, invoices, and shipments.

Authorities on year 2000 issues say thousands of computer programs—ranging from common desktop applications to sophisticated main-frame computer programs to the internal system software that runs PCs—will be affected by year 2000 problems.

Older computers running DOS and Windows software are most likely to be affected, but even some current software isn't immune. (All versions of Apple Com-



PHOTO: ERIC GREISER

**Sporting-goods distributor** Jack Autry Jr. took steps in early 1998 to ensure that his computer system will not fail when the year turns to 2000, but he's concerned that some of his suppliers and customers have waited too long to address Y2K problems.

on supposedly long-term challenges such as the year 2000 problem, says Nigel Burton, director of small-business programs for Microsoft Corp. in Redmond, Wash. But even with that as a given, says Burton, "it was a surprise to us that such a high number of



WOULDN'T IT BE GREAT IF  
SOMEONE CAME UP WITH  
A CHECKLIST FOR

Y2K?



Well, someone did. Year 2000: The Eleventh Hour™ is the only series of comprehensive electronic checklists for you, your suppliers and your customers. It checks your progress. It checks for possible vulnerabilities and risks. It even helps you decide which critical issues you should address first. What's more, Year 2000: The Eleventh Hour is tailored to your organizational needs, whether you're in finance, government, health care, telecommunications, manufacturing or any other kind of business. No matter which stage you are at in the Y2K process, you need Year 2000: The Eleventh Hour. Call or visit our website today. Hurry. Time is running out.

**ETSolutions**

Call 301-334-7921. Visit [www.Y2K11thHour.com](http://www.Y2K11thHour.com)



## TECHNOLOGY

puter, Inc.'s Macintosh are year 2000 compliant, the company says.)

### A Pre-emptive Approach

Last spring, AWR's Autry was concerned about the company's DOS-based AccountMate Premier accounting system, from AccountMate Software Corp. in Novato, Calif. So he asked his local reseller, San Diego-based Innovative Computer Concepts (ICC), if the system would be affected by year 2000 problems.

Larry Leffler, president of ICC, informed Autry that the software wouldn't work, and he added that his company was planning to stop supporting DOS software within a few years.

The approaching obsolescence of DOS and the imminent threat of year 2000 problems forced Autry to seek a more modern accounting system. But he was reluctant to give up the old system entirely because employees were used to it and AWR had made more than 200 modifications to the software to make it fit the firm's needs.

Leffler told Autry that AccountMate had a newer, Windows-based package called Visual AccountMate that was year 2000 compliant. Leffler said ICC could install the package and convert the old modifications to the new software.

So in October, ICC shut down AWR's old system and installed the new one. The operation wasn't without bugs, and ICC is still working to make sure that all the old dates have been converted to new dates and that all the old modifications have been added. Even so, Autry now feels sure that AWR will be ready for 2000.

"[ICC has] done a test of our system, so I'm confident that as far as our computer software goes, we'll be fine," says Autry. "But when we've gotten all these [software-modification] issues dealt with, I'm still going to have them come by and set it to 2000 and see what happens."

Autry isn't as confident about the computer systems of his suppliers and business customers. He believes that for many of those small companies, it may be too late to fix all the problems they face.

Although small firms might have trouble at this point finding a consultant to work on their year 2000 problems, there are some resources and software that can help them diagnose and take action on basic problems. For instance, companies can make sure that their hardware, operating systems, and productivity software will continue to work.

Here's a guide to 11th-hour fixes, including software programs and World Wide Web sites that focus on year 2000 solutions:

### Software

**January2000!, Hughes Technologies Inc., (954) 733-9686, [hughesnet.net](http://hughesnet.net), \$29.95.** January2000! may be a good bet for companies with older DOS and Windows-based PCs, which are most likely to experience year 2000 problems. This program installs through the autoexec.bat file—the master command program for all DOS-based PCs—and it fixes the DOS

2000 compliant. It also looks at the applications on the PC to see if they have year 2000 problems.

When Know2000 finds a problem, it gives users directions for fixing or replacing the faulty software. If the problem is with a software application, Know2000 will even generate a letter to the manufacturer requesting the appropriate software patch or update.

Know2000 works with all versions of Windows, including 3.1, 95, 98, and NT. It can scan 3,500 software programs.

**Norton 2000, Symantec Corp., 1-800-441-7234, [www.symantec.com](http://www.symantec.com), \$49.95.** The makers of The Norton Utilities software for fixing common PC problems

have come up with Norton 2000, a self-help tool for year 2000 problems. This program can help ensure that a PC's system software will work in 2000.

Norton 2000 also scans a PC's software such as databases, e-mail programs, and spreadsheets and compares them with a database of known year 2000 problems. It then creates a report of its findings that shows users what they need to fix.

In addition, Norton 2000 looks at individual spreadsheet and database documents to discover date-related problems in fields, forms, and formulas.

Norton 2000 also lets users automatically download year 2000 information and updates from a database on Symantec's Web site.

A limitation of the program is that it works only with computers running Windows 95, Windows 98, or Windows NT—not with DOS or older versions of Windows that are more likely to have year 2000 problems.

**Year2000: The Eleventh Hour, ET Solutions Inc., (301) 334-7921, [www.y2k11thhour.com](http://www.y2k11thhour.com), \$287.** This handy utility doesn't fix year 2000 problems, but it does help companies evaluate and manage the process of making their PCs compliant.

Working within Microsoft Excel, Year2000: The Eleventh Hour creates a series of checklists covering year 2000 problems that may affect a business and its PCs.

The checklists ask questions about a company's PCs, its business, and its industry. The user answers yes or no, and from those answers the software evaluates where the company stands and what it needs to do to correct year 2000 problems.

Feedback is color-coded in green, yellow, and red based on the seriousness of the



date functions  
in all versions of DOS  
and Windows.

January2000! can fix system software that issues date commands. This system software—the internal foundation that enables a PC to function and to process data—includes BIOS (basic input output system), real-time clock, and system clock or CMOS (complementary metal oxide semiconductor).

In addition to older systems, January2000! works on computers running all versions of Windows, including Windows 98. It can be downloaded from Hughes Technologies' Web site.

**Know2000, The Year 2000 Group Inc., 1-800-206-6009, [www.know-2000.com](http://www.know-2000.com), \$19.95.** Know2000 checks PCs and software applications for year 2000 problems. It scans a computer's system software—including BIOS, CMOS, and real-time clock—to determine if it is year



problem. Red items indicate risks that must be dealt with, yellow identifies potential risks, and green means no risk.

**Yes2K, Safetynet Inc., 1-800-672-7233, [www.safetynet.com](http://www.safetynet.com), \$10 per business PC.** Yes2K helps protect computer hardware from year 2000 problems. It does so by checking a PC's real-time clock, CMOS, and BIOS for year 2000 problems.

If Yes2K detects a problem, it will fix it if possible. Otherwise it will show users what must be done to make the PC year 2000 compliant.

Yes2K works on PCs running operating systems ranging from DOS and Windows 3.1 up to Windows 95, Windows 98, and Windows NT. Moreover, it can be deployed and managed over computer networks running Windows NT or Novell NetWare.

Yes2K is available for a free 30-day trial by downloading it from Safetynet's Web site. Computer users can also use it for free on their home PCs.

## Web Sites

**U.S. Small Business Administration Year 2000 Page, [www.sba.gov/y2k](http://www.sba.gov/y2k).** The SBA, through seminars and public announcements, is urging small companies to fix year 2000 problems. This Web site provides information and resources that can help small firms accomplish that.

The SBA Year 2000 Page includes a detailed but easily followed explanation of the Year 2000 problem. It suggests steps that firms can take to evaluate and take action on possible problems, and it offers a series of self-assessment checklists that can help companies plan and manage their year 2000 efforts.

The SBA Year 2000 Page also provides a searchable database of consultants and providers who deal with year 2000 issues. The database is broken down by state. The page also lists helpful year 2000 sites hosted by consulting organizations and computer firms.

**IBM Year 2000 Page, [www.software.ibm.com/year2000](http://www.software.ibm.com/year2000).** IBM users will find a wealth of information on fixing year 2000 problems related to IBM hardware and software on the IBM Year 2000 Page. Users can type in their product

identification number and instantly find out if their IBM hardware or software is year 2000 compliant.

This site also includes a white paper that details the year 2000 compliance of IBM's products and how customers can look into year 2000 issues. And it posts weekly news about the readiness of IBM products and about IBM products and services that can help with year 2000 problems.

## Microsoft Direct Access Y2K Resource Center,

[www.microsoft.com/directaccess/y2k](http://www.microsoft.com/directaccess/y2k). Microsoft has set up a Web site to help consultants and computer resellers in assisting small companies with year 2000 problems. But the site is also useful for companies that want to learn more about Y2K.

The Direct Access Y2K Resource Cen-

ter's emphasis is on providing information on testing Microsoft applications for year 2000 compliance and dispensing advice and downloadable patches to fix problems.

But the site goes beyond that by identifying year 2000 problems in Windows operating systems such as 3.1, 95, and NT. It also details known year 2000 problems of other vendors' applications that are based on Microsoft operating systems and programming languages such as Visual Basic.

**Year 2000 Information Center, [www.year2000.com](http://www.year2000.com).** Peter de Jager was one of the first to make the public aware of the year 2000 problem, and his Year 2000 Information Center site is one of the most comprehensive sources of information available. With evangelical fervor, de Jager outlines the problem in gripping detail, warning businesses of the ramifications of year 2000.

But the site also contains possible solutions in offerings such as articles on year 2000 issues, case studies of companies that are dealing with problems, information on legal and technical issues, and links to year 2000 product vendors and consultants.

18

# Starting A Retirement Plan?

## Delegate All The Work to Us.

Retirement plans, like SEP-IRAs, SIMPLE-IRAs, Profit Sharing and Money Purchase Pension plans, can get complicated. Or they can get implemented. Quickly. Easily. With one call to an American Century Retirement Investment Specialist.

We'll take time to help you decide which plan works best for you. We can even help you with the paperwork. Call us today at 1-800-345-3533, ext. 5004 and get your retirement plan started by the time you hang up the phone.

Please ask for a prospectus with more complete information, including charges and expenses. Be sure to read it carefully before you invest. Naturally, past performance is no guarantee of future results. Funds Distributor, Inc.  
©1998 American Century Services Corporation



AMERICAN  
CENTURY

138383-1

**CALL 1-800-345-3533, EXT. 5004. IT'S THAT SIMPLE.**



# More product applications



E-150



E-250 Super Duty



E-350 Super Duty

\* Under normal driving conditions with routine fluid and filter changes.



# than duct tape.



**Ford Econoline has been America's best-selling full-size van 19 years in a row.**

Wherever there's work to be done, there's an Econoline Super Duty Extended Van ready to get to it. It's versatile, offers tons of room, and best of all, it's Built Ford Tough. We're talking durability, dependability and maximum towing power of up to 10,000 lbs. The E-350 Super Duty comes with a standard 5.4-liter Triton™ V8 engine, which provides a fail-safe cooling system, and can travel up to 100,000 miles before its first scheduled tune-up.\* And since Econoline has been the best-selling full-size van for so long, it's safe to say that no matter what line of work you're in – so are we.



Visit our website at [www.fordvehicles.com](http://www.fordvehicles.com)



E-350 Super Duty



E-450 Super Duty



E-450 Super Duty



## MARKETING

# And Now, Some Words About Sponsors

By Harvey Meyer

**S**ome people viewed Rachel's Gourmet Snacks' three-year, multi-million-dollar sponsorship of two Indianapolis 500 race cars as a hare-brained gamble, especially for a financially struggling small company.

Surprise, surprise. The Bloomington, Minn., potato-chip producer scored a publicity bonanza when driver Eddie Cheever, beating 30-to-1 odds and 32 other racers, won the celebrated auto race in May. As Cheever, sporting a mile-wide smile, piled out of his steel-blue car, 300,000 fans at the raceway cheered and millions of television viewers watched.

"When the car was wheeled into the winner's circle and you saw 'Rachel's' on the car and on Eddie's and the pit crew's outfits, it was like magic; it was like winning the Super Bowl," says Leo Short, executive vice president of sales and marketing for Rachel's.

Since the Indy 500, Rachel's—a 25-employee subsidiary of Bloomington-based Go-Rachels.Com that had gushed red ink for four straight years—has been flooded with calls from customers. New distribution outlets have been secured around the country, and employees are beaming with pride. Even if Cheever hadn't won, Short insists, the sponsorship strategy would have paid off in accelerated sales.

While such a high-stakes gambit isn't for everyone, the Rachel's story illustrates the potential power of sponsorships for small businesses. They can enhance a company's image and visibility; differentiate the company from competitors; help develop closer relationships with current and prospective customers; showcase products and services; unload obsolete inventory; and allow the company to compete more effectively against bigger firms that have much larger advertising budgets.

In addition, tickets to sponsored events can be used as incentives for employees, vendors, and customers and to promote worker loyalty. And proponents say that if sponsorships are well-conceived and strategic, they can boost sales—both long-term and short-term—as they improve the community through the events they support.

"Companies are finding that sponsorships work," says Bill

Charney, whose Denver consulting firm, Charney & Associates, counsels both sponsors and the events and organizations they back. "Of all the forms of marketing communication, sponsorship is the most well-received and accepted by the public."

## A Few Drawbacks

Sponsorships do not always lead to smooth sailing, however. Because it's a relatively new marketing vehicle, many small companies are uncertain how to deploy it effectively.

Additionally, many of the rewards are intangible, and effective sponsorships require active participation and, often, a fair amount of money.

Plus, in these lawsuit-happy times, some companies are gun-shy about sponsorships, fearing that they will increase exposure to litigation. And some business owners justifiably worry that once they become sponsors, they will be hounded by organizers of other events.

Still, sponsorships are riding a wave of popularity. North American companies spent an estimated \$6.8 billion on sponsorships in 1998, a 15 percent increase over 1997 and 60 percent more than in 1994, according to *IEG Sponsorship Report*, a Chicago-based newsletter that tracks marketing in the areas of sports, arts and entertainment, and causes.

The booming interest is partly a result of the success of the sponsorship-saturated 1984 Olympics in Los Angeles and 1996 Olympics in Atlanta. Also, the number of opportunities to sponsor has risen rapidly. In the past 15 years, the number of U.S. festivals and events has approximately doubled to about 50,000, according to Bruce Skinner,

president of the International Festivals and Events Association in Port Angeles, Wash., which offers information, education, and networking to its members.

Another factor is a decline in government financial support for nonprofit organizations, which hold thousands of fund-raising events each year. The nonprofits





## Becoming a backer of an event or organization can bring a wide range of benefits to a small company.

are increasingly turning to business sponsorships to help fill the funding void.

For instance, Greg Morris, president and founder of PetPeople Franchise Systems, a San Diego-based pet-food and -supplies retailer with 55 employees, 10 company stores, and two franchisees, says that since his company first became a sponsor, non-profits have been "relentless in calling me about sponsoring their events."

### It's Not Advertising

For all the rising popularity of sponsorship, many companies remain uncertain about just what this marketing instrument is and what it offers.

Sponsorship is not the same as

advertising, which involves direct promotion of a company through a medium such as print, television, or radio and which can be readily quantified. Rather, sponsorship is a marketing effort that often involves active association with the organization or event being sponsored. Its aim is to create an awareness that builds an affinity for the company among the public, says consultant Charney. Companies sponsor everything from Little League baseball teams and health fairs to charity auctions and park cleanups.

Sports events are far and away the most popular object of sponsorship, according to IEG, Inc., publisher of *IEG Sponsorship Report*. But Bill Chipps, an IEG editor, says that business sponsors are increasingly being attracted to other types of events, such as festivals and fairs.

Some companies are also participating in cause-related marketing, a form of sponsorship that links a firm and its products or services to a group's social mission. For example, a company might develop a line of conservation-oriented products, with a percentage of sales going directly to a conservation organization.

Unlike most advertising, sponsorship often offers access to a live audience and opportunities to entertain clients and have people sample your product or service. In some instances, sponsorship may also offer more bang for the buck than advertising, says Chipps.

According to the IEG newsletter, the costs of traditional advertising continue to rise even as TV ratings and print readership decline. But the leveraging op-

portunities that come with sponsorship—access to an event's mailing list, for instance—provide possibilities for recouping sponsorship fees.

Still, according to IEG, it's not wise to channel a majority of your marketing dollars into sponsorship. Indeed, even the most active sponsors rarely spend more than 10 percent of their marketing budget on sponsorship.

"Sponsorship is most effective when it's an element of a coordinated marketing mix," says Charney.

### Define Your Expectations

If you find yourself intrigued by sponsorship, there are some things to consider before you plunk down a hefty fee to sponsor an event or organization.

First, be clear about your expectations and goals for the sponsorship. Because many of the rewards of sponsorship can't be easily quantified, you should think through the pluses and minuses beforehand.

For instance, are you aiming primarily to boost awareness of your firm, or are you more concerned about enhancing its image? Are you looking to entertain clients or motivate your employees? Is the cost of the sponsorship worth the value received? Is the sponsorship easy to administer and staff, and can it be leveraged?

"The biggest problem companies have is unclear expectations" of what the sponsored event can provide, says Charney. "So be specific; say in the sponsorship contract that this is the consideration you're giving and this is what you expect in return."

Then, much as you would research a potential vendor or customer, do a background check on the event or organization you plan to sponsor. This review might extend to touring the organization and examining its financial stability.

Talk with current and past sponsors, and ask for access to mailing lists, post-event surveys, documentation of the attendees at the event, media mentions, and



PHOTO: GUSTAVE WOOT

When driver Eddie Cheever crossed the finish line to win the Indianapolis 500 last year, it was a big boost for sponsoring company Rachel's Gourmet Snacks, whose logo appeared prominently on Cheever's car and racing suit. "It was like winning the Super Bowl," says Leo Short, executive vice president of sales and marketing for Rachel's.

PHOTO: GJEFF HAYNES—APF



PHOTO: SLARRY PINKS—REUTERS



## MARKETING



PHOTO: GARRY STAVIER

**Sponsorship** of an arts festival was a good experience for computer-services firm Digital Corral Corp., says Dale Bradley, president and CEO, but he has chosen to take part in activities more directly related to technology, such as speaking to eighth-graders at a career day at Denver's Place Middle School.

the rate of sponsorship renewal.

In addition, a sponsorship agency—which may be a public-relations or advertising firm—can handle sponsorship negotiations for you for a fee. Make sure that the agency has experience with firms of your size and type.

### Finding A Good Match

When Digital Corral Corp. in Denver elected in 1996 to become a sponsor of the city's Cherry Creek Arts Festival, the primary selling point was the professionalism of the event, says Dale Bradley, president and CEO of the \$2 million computer-services firm.

"Every detail [at Cherry Creek] has been thought out," says Bradley, 26. "Cherry Creek is like a well-run business. It's in good financial shape, and it takes care of its sponsors, which can be likened to taking care of clients or vendors."

Despite Digital Corral's satisfaction with the Cherry Creek sponsorship, the company decided not to renew for 1999. Bradley explains that he wanted to get more involved in marketing that directly promotes technology. For example, the firm is considering ways to help developmentally disabled and underprivileged children improve their computer literacy.

Generally, the audience profile and image of a sponsored event should match up with your company's current and prospective clients, says IEG's Chipps. It makes sense for a music shop to sponsor a blues festival, for instance, but a brewery's sponsorship of a children's fair might be controversial.

"You could take a bigger [financial] hit with a badly matched sponsorship" than from the sponsorship fee, says Bill Johnston, who teaches management at Babson College in Wellesley, Mass.

If the event or organization you plan to sponsor is sound and offers the right demographics and image, there are two other things to bear in mind before committing to a sponsorship, says Beth Seigenthaler, president of Seigenthaler Public Relations in Nashville, Tenn.

## Getting Started

Intrigued with sponsorship but not sure where to start? Perhaps your best bet is to check with IEG, Inc., a Chicago-based company that many consider to be the preeminent source on sponsorship.

Information on IEG's World Wide Web site, at [www.sponsorship.com](http://www.sponsorship.com), offers a primer on sponsorship, says Lance Helgeson, managing editor of *IEG Sponsorship Report*, a biweekly newsletter. Once on the Web site, you can click on the "Forum" icon and be directed to a discussion group where you can read wide-ranging information about sponsorships and type in questions. (You can also phone IEG at 312-944-1727 or send a fax to 312-789-6488.)

*IEG's Complete Guide to Sponsorship*, a 44-page booklet selling for \$59, and *IEG Sponsorship Report*, about \$400 annually,

First, she says, your firm should seek exclusivity—meaning it should preferably be the only company from its industry represented at the event.

Second, it's good if your firm can be the dominant sponsor of a small event, says Seigenthaler, who has advised dozens of small firms on sponsorships. A company's name and contributions tend to get lost in huge gatherings that have dozens of sponsors, she says. And small events such as neighborhood festivals are often quite inexpensive to sponsor—in some cases, fees can be \$1,000 or less.

One proponent of the big-fish, small-pond approach is Greg Hennes, CEO of Interior Resources, a 40-employee art consulting and custom-framing firm in Golden Valley, Minn. For the past several years, Hennes' company has been the only sponsor of a charity auction that benefits an adoption service.

Sole or dominant sponsorship "allows me to be in charge of an event," says Hennes, whose firm is the dominant sponsor of another charity event. "And because of that position, we get most of the attention."

Hennes acknowledges that the time and energy required to be a sponsor can divert attention from day-to-day business, but he believes that if a company is going to be a sponsor, it's important to choose an event or organization that the owner and the employees believe in.

"If you believe in the event, it shows in how much work you're putting in and in the fun you're having," Hennes says. "And that will have a spillover effect on how much fun those attending the event will have."

are good sources of sponsorship information. The *IEG Sourcebook* (\$199 annually) has a list of sponsorship-dependent events.

There are also many consultants and marketing and public-relations firms that can help small firms become sponsors.

For no charge, you can find out how to contact specific festivals and events in your area from the International Festivals and Events Association in Port Angeles, Wash. Call (360) 457-3141 for information. The association's Web site, at [www.ifea.com](http://www.ifea.com), has a list of IFEA members' events.

A list of events in your region is also often available from local chamber of commerce and tourism officials.





And if the attendees enjoy themselves, he says, they'll be more likely to remember the event—and the sponsoring firm.

When negotiating the details of a sponsorship, be clear on the costs and the level of participation. And feel free to offer creative ideas to get the most out of your sponsorship.

The worst mistake a company can make is signing a check for the sponsorship fee and then walking away without any further participation, says Lance Helgeson, managing editor of *IEG Sponsorship Report*. Companies typically derive more mileage from their investment by involving their employees and customers and using varied means to promote the sponsorship, he says.

For instance, potato-chip manufacturer Rachel's garnered substantial pre-race publicity by distributing news releases about its Indy 500 sponsorships. Rachel's plans to further capitalize on the publicity windfall it received from Cheever's win by scheduling driver appearances at distributorships and developing point-of-sale materials reminding consumers of the sponsorship.

"Just putting up a sign of your company at an event isn't enough," says Helgeson. "You have to leverage your sponsorship—spending money on advertising and pro-

motion, for instance—so people know you're a sponsor. In fact, if a company spent \$10,000 for a sponsorship fee, it should count on spending two to four times that on leverage."

One way that some firms leverage is by offering samples of their product or service at the sponsored event—sometimes shedding obsolete inventory. For instance, Pet-People employees dish out dog-food samples and company literature at events such as pet fairs.

Digital Corral received two trade-offs for designing and maintaining the information kiosks at the Cherry Creek Arts Festival: a sponsorship-fee waiver and opportunities for festival visitors to electronically request literature about the company. About 500 people did, and Digital Corral sent them brochures.

Many small firms have discovered that sponsorships can also be used to motivate vendors, distributors, and merchandisers. For instance, a microbrewery sponsoring a festival might supply liquor stores with tickets based on their sales of the microbrewery's beer.

#### Measuring The Results

Although sponsorships are often difficult to evaluate, one way to quantify a spon-

sorship's benefits is to observe sales during and immediately after a sponsored event.

Another way is to conduct surveys on consumer awareness of your company before and after a sponsorship. And there are yet other ways to assess results. Among them are tallying media coverage of your sponsorship; charting the number of people who visit your company's booth; and issuing coupons at an event and recording the number of coupons redeemed.

"An increase in sales shouldn't be the sole way you evaluate a sponsorship," says Seigenthaler. "But if you want increased sales to be one measure, then before the event you should define by how much and over what period."

However, it's not easy to assess the bottom-line effect of some sponsorship activities—for instance, hobnobbing with current and potential clients.

Despite the evaluation and other challenges involved with sponsorships, participation among small businesses will continue to rise, believes consultant Charney. "Sponsorship is no fad," he says. **NB**

*Harvey Meyer is a free-lance writer in St. Louis, Minn.*

ADVERTISEMENT

# Trust Your Ceko Builder!



1-800-474-CECO (2326)

Construction is Complex! To whom do you turn for help?

Your Ceko builder has been chosen individually for his construction expertise, commitment to quality, financial stability and knowledge of and leadership in your market. He is a professional design/build contractor with the training and experience to construct Ceko pre-engineered buildings that meet your needs – on time and within budget.

For half a century, Ceko has set the standard for pre-engineered building systems. Together we can satisfy your most complex building needs. Call us.



## FINANCE

# A Kinder, Gentler Way To Collect

By William Atkinson

**C**arol Frischer has become a successful practitioner of the art of debt collecting largely because of a lesson she learned as a dental hygienist in the 1970s. "I realized that a lot of people were terrified of visiting the dentist," she says, "so I tried to make the experience as painless as possible—even enjoyable."

A friendly, relaxed approach can work magic not only in soothing dental patients but also in getting a company's slow-paying customers to settle their debts, Frischer says.

Several years after her dental-office experience in Chicago, Frischer became an accountant's assistant at Parks, Palmer, Turner & Yemenidjian in Los Angeles. In about 1984, soon after joining the firm, she was asked to help with collecting overdue accounts for one of the firm's CPAs.

Though she had no experience in collections, Frischer began placing calls. Within two months, her collection rate was so high that the firm's other CPAs began asking her to collect their accounts as well.

Frischer's methods were so effective that some of the companies she asked to pay up started asking for her help—through her employer—in collecting their own overdue accounts.

For the past 12 years, Frischer has been a full-time collections specialist with the accounting firm. She gives seminars around the country on effective collection methods, and she has written a book, *Collections Made Easy* (CSA Publishing, \$15).

The low-key approach that has worked for Frischer is also advocated by others in the field, including Roger Willis, a principal with Willis Associates, a collections consulting firm in San Diego.

"The majority of collections in the 1950s and 1960s involved contacting blue-collar workers," Willis says. "The perception at the time was that in order to collect, you had to 'grind' people—be tough."

*William Atkinson is a free-lance business writer in Carterville, Ill.*

*A friendly nudge can work better than a harsh ultimatum when persuading a customer to settle an overdue account.*



PHOTO: SEARTE BARTHOLOMEW

**Collections specialist** Carol Frischer advocates a friendly, low-key approach to debtors: "I visualize a positive encounter every time I pick up the phone."

Most debtors today, however, are senior citizens, "aging yuppies," and Generation Xers, Willis says. "People are much more educated and less accepting of criticism and pressure."

## Updating The Formula

Despite changes in demographics and customer attitudes over the past 40 years, collections experts say, some practitioners still go about their work as if they were in the 1950s.

But an increasing number of them are finding that the old talk-tough approach to collections doesn't work as well as it did then.

What does work?

To answer that question, Willis' firm has been using focus groups for almost a decade to conduct consumer-collections research. One of the most significant findings, Willis says, is that "what happens during the first 30 seconds of a collection call determines whether that customer will pay you or not."

"The goal is to become the 'payment of choice' based on the way you treat your customers, especially during the first 30 seconds."

One company that understands and applies that notion is Commercial Financial Services of Tulsa, Okla. CFS purchases charged-off credit-card accounts—typically those with small balances and no collateral, accounts that no one else has been able to collect.

"We operate under the philosophy that the majority of people are honest and want to do the right thing," says Jeff O'Hare, managing director of credit for CFS. "The people we call are just like us. The only difference is that they have fallen on hard times, such as divorces, medical problems, family deaths, and so on. As such, we treat them with respect, dignity, and politeness."

A visitor walking through the collections department at CFS would likely hear the account officers joking with customers and talking socially—not the sort of environ-



ment one might expect to find in a collections company.

Using this customer-friendly approach, CFS collects millions of dollars yearly, O'Hare says. The firm also receives many unsolicited letters from customers expressing their appreciation for the way they were treated, he says, and for the opportunity to resolve their debts and get back on track with their finances.

Jim Shaw, owner of Shaw Resources in Cupertino, Calif., is another collections specialist who advocates treating customers with respect. His book, *Customer-Inspired Quality: Looking Backward Through the Telescope* (Jossey-Bass, \$23.50), emphasizes the importance of looking at all business processes, including collections, from the customer's point of view.

"In the U.S. justice system, you're innocent until proven guilty," says Shaw. "The same should be true in collections. Nine out of 10 times, customers want to pay you. If they do not, you need to start with the assumption that they have valid reasons."

For example, Shaw says, maybe the customer withheld payment because of something your firm did or failed to do. Perhaps the shipment or the invoice never arrived, the product didn't work, or the service wasn't satisfactory.

Like Shaw, collections specialist Frischer assumes when she calls clients for the first time that there are valid explanations for nonpayment. For that reason, she prepares herself mentally for each call by making sure she has a positive attitude. "I visualize a positive encounter every time I pick up the phone," she says.

## Resources

Among the books and other materials designed to help with collections are the following:

*Collections Made Easy*, by Carol Frischer, available for \$15 plus \$3 for shipping and handling from CSA Publishing, P.O. Box 3685, Chatsworth, Calif. 91313-3685, or by calling (310) 442-5364. For information on Frischer's collections seminars, call 1-800-258-7246.

*Customer-Inspired Quality: Looking Backward Through the Telescope*, by Jim Shaw, available for \$23.50 plus shipping and handling of about \$5.50. To order, call 1-800-274-4434.

*Renton's Collection/Thank You Sticker Catalog*, offering a variety of friendly reminders and thank-yous that can be attached to customer bills to encourage timely payment. For a free copy of the catalog, call 1-800-365-6644, fax your request



PHOTO: GARRY STAYER

A colorful message attached to a bill can prompt a payment or just convey thanks for the customer's business, says sticker manufacturer Peter Renton.

When Frischer reaches the person she's calling, her positive attitude—her concern and interest—get through to that person, she believes. The experience for the person being called, she says, is completely unlike that of someone called by a collection specialist who conveys resentment, anger, or frustration.

"Again," Frischer explains, "I want to make the experience as painless as possible. If defenses go up, rapport goes down."

### Friendly Pioneers

One of the early practitioners of the customer-friendly approach to collections is Jack Renton. In the 1960s, Renton was the credit manager for a construction firm in Australia, where he found that applying friendly, colorful reminder stickers to customers' invoices increased on-time payments substantially.

While he continued working for the company, Renton and his wife, Patience, began a part-time business printing and selling such stickers.

"By the late 1960s it had become a full-time business," says Renton's son Peter, who is president of Renton's International Stationery Inc. in Denver.

(The Australian-based parent company, Australian Credit Stationers, is run by Peter's brother, Ian; founder Jack Renton remains active in the business, and his wife is retired.)

The Denver-based company also sells other business-oriented stickers such as "Thank you for your business," "Thank you for your timely payments," and "20 years in business."

The firm is also expanding its line to include labels and holiday cards.

"Most billings lack any type of relationship-building," says Peter Renton. "Companies spend a lot of money getting new customers but never spend another dollar to keep them."

In fact, a firm's collection practices can send customers running in the opposite direction, collection experts say. "If I have been paying on time for a number of years and then, one month, I'm late by two or

to 1-800-873-3060, or send an e-mail to [peter.renton@compuserve.com](mailto:peter.renton@compuserve.com).

Information on professional credit and collections associations can be obtained from these organizations:

■ The American Collectors Association, an organization of professional collection agencies; P.O. Box 39106, Minneapolis, Minn. 55439; (612) 926-6547. The e-mail address is [acaintl@collector.com](mailto:acaintl@collector.com). The group's World Wide Web site is at [www.member.com/aca/acapub.html](http://www.member.com/aca/acapub.html).

■ The International Credit Association, whose members are consumer-credit professionals; P.O. Box 15945-314, Lenexa, Kan. 66284-5945; (913) 307-9432. E-mail: [ica@ica-credit.org](mailto:ica@ica-credit.org). Web address: [www.ica-credit.org](http://www.ica-credit.org).

■ The National Association of Credit Management, an organization of commercial-credit professionals; 8815 Centre Park Drive, Suite 200, Columbia, Md. 21045; 1-800-955-8815. E-mail: [info@nacm.org](mailto:info@nacm.org). Web address: [www.nacm.org](http://www.nacm.org).





Get the skills to win anywhere, anytime on your terms. Never be at a loss for words, no matter what the circumstances.

Armed with the power of words you can conquer any type of business or personal situation.

Now learn the verbal skills you've always needed never lose any situation be able to handle yourself anywhere anytime with anyone.

Arm yourself with "Verbal Karate" THE ART OF THE SPOKEN WORD and you will be able to easily control negotiations, whether they are personal, financial, dealing with children, spouses, or personal relationships. "Verbal Karate" is your best attack or defense for avoiding life's unpleasant encounters with others.

Learn the subtle art of attack- defense and redirect using the dynamic power of the spoken word.

**Get What  
You Want!**  
Read This Book and  
equip yourself  
with verbal techniques  
and skills for life.  
**Never Be A Victim Again!**

Enclosed is \$19.95 + \$3.50 Postage  
and Handling For        Copies of  
"Verbal Karate" Art of the Millennium.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Send To:

**Great Sky Inc.** 2342 E. 17th Street  
Brooklyn, NY 11229 Tel.: (718) 743-9140

Circle No. 3 on Reader Service Card

three days, I would really resent receiving a collection call," Renton says.

**A** company that decides to take a customer-friendly approach to collections might consider the following methods, which have worked for others:

**Ward off collection problems with an early dose of thoughtful friendliness.** Some firms that attach Renton's International Stationery's thank-you stickers to initial invoices find that it sharply cuts the need for subsequent collection calls.

**Before you place a call, get yourself into a positive frame of mind.** "Visualize yourself and the customer having a positive interaction," emphasizes Frischer. "See the customer wanting to pay you. This will definitely come across when you call."

**Begin with questions, not demands.** "Your first call should be to find out what the situation is," suggests Shaw. Begin with something like: "We believe we shipped you these items and that there is payment due. Can you help us understand where things might have gone awry?"

Frischer's initial statement is often along the lines of: "We noticed that your invoice is X number of days old. We want to make sure that you received the invoice, that you are happy with the service you received, and if there is anything else we can help you with."

**Emphasize listening skills.** Once you pose your opening question to the customer, you should listen. "You have to be able to listen to and understand customers and be able to convey to them that you are listening and understanding," says Willis, who refers to this technique as "bridging"—getting yourself on the customer's side of the issue.

**Use communication and negotiation skills.** Once you understand the situation and can offer a resolution, you need to state the resolution clearly to the customer, reach an agreement on pay-

ment terms, and sell the customer on the benefits of complying with the terms.

If you collect by mail, try "friendly reminder" stickers. "If a customer has 50 bills to pay but only has enough money to pay 10, you need a way for your invoice to stand out—in a friendly way," Renton says.

He recommends a test mailing in which you would affix "friendly reminder" stickers to half of your delinquent invoices and nothing to the other half. Many companies that do this find that they get far better results from the mailings with the stickers.

The stickers are appropriate for companies that bill consumers and small to medium-sized companies. "They're not going to be too effective if you're billing a large corporation," Renton says.

Betty Prentice, manager of credit and collections at Ted's Jewelers in Dothan,

Ala., found that on-time payments doubled the first month she used the stickers. "Some customers made payments within two days," she says. "Others brought their payments in person, adding favorable comments about the stickers."

When Prentice calls customers who owe, she uses a friendly approach: "I'm reviewing your account and notice we haven't received a payment. In the past you were always so prompt. Is

there something we can do to help?"

**Be persistent.** At Tulsa's Commercial Finance Services, which collects from long-overdue accounts, polite persistence is considered a necessity.

During the first few calls, customers may vent anger and frustration. Nonetheless, CFS's account officers continue calling and continue to be pleasant. By the fourth or fifth call, some customers respond with "Are you guys always this nice?" or "You're not going to yell at me like everyone else did, are you?"

Once the account officers have achieved this rapport, they can begin to understand the customers' situations, recommend solutions, and get paid—when no other collector could. **18**

For more ideas on avoiding collection problems and dealing with recalcitrant debtors, see "Collecting Payments Due," January.

**"You have to be able to listen to and understand customers and be able to convey to them that you are listening and understanding."** *—Charles Dierker*

—Collections Consultant  
Roger Willis





**This could be your ~~wireless~~ phone.**  
*only*

AT&T Digital One Rate.<sup>SM</sup> Fifty States. One Rate. No roaming or long distance charges across the U.S. So every call is like a local call. And with rates this low, your wireless phone could be your only phone.

**AT&T Wireless Services**

**AS LOW AS 11¢ A MINUTE**

**600**  
MINUTES

**\$89<sup>99</sup>**  
a month

**1000**  
MINUTES

**\$119<sup>99</sup>**  
a month

**1400**  
MINUTES

**\$149<sup>99</sup>**  
a month

**1 800-IMAGINE<sup>®</sup>**  
[www.att.com/wireless/](http://www.att.com/wireless/)



©1999 AT&T. Credit approval and activation fee required. AT&T Digital One Rate<sup>SM</sup> calling plans require annual contract, a Digital multi-network phone and subscription to AT&T Wireless Services long distance. Billing address must be within AT&T Digital PCS Home Calling Area. Rates not available outside the US or when calls require a credit card or operator assistance. Domestic calls only. Airtime measured in full minutes and rounded up to the next full minute. Included minutes cannot be carried over to any other month. Additional minutes 25 cents each. Coverage available in most areas. Digital PCS features not available in all areas. Full terms and conditions are contained in the AT&T Welcome Guide, Rate Sheet or Calling Plan. Offer may not be combined with any other promotional offers.

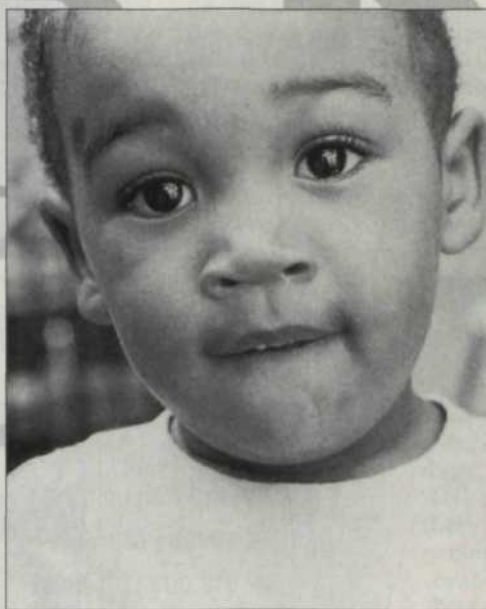


# CELEBRATING 10 YEARS

OF HELPING WOMEN AND CHILDREN STEP OUT OF POVERTY

## York Street Project

Established in 1989, York Street Project works to provide homeless and economically disadvantaged women and children with the tools needed to become independent members of the community. Caught in a seemingly unbreakable cycle of poverty, these families need the opportunity to educate themselves, to learn how to function in today's world and to realize their worth. York Street Project's holistic approach consists of four interrelated programs – Kenmare High School, St. Joseph's Home, The Nurturing Place and St. Mary's Residence – which provide education, transitional housing, child care, low-income housing and advocacy. Working with over 250 women and children each year, York Street Project is proud to say that over 85% of the families who pass through its doors move onto independence.



Join us in Celebrating 10 Years of Helping Women and Children Step Out of Poverty. Mail your tax-deductible contribution today. For additional information or to charge your gift by phone, contact York Street Project at (201) 451-8225. York Street Project is a 501(c)(3) non-profit organization which serves persons without regard to their racial, religious or ethnic backgrounds.



Sponsored by the Sisters of St. Joseph of Peace

York Street Project 89 York Street Jersey City, NJ 07302-3812  
(201) 451-8225 • fax (201) 451-9052 • email [ysporg@aol.com](mailto:ysporg@aol.com)





**THE AIRCRAFT**

**IS MANUFACTURED.**

**NOT THE SINCERITY.**

©1999 Air New Zealand

Our warm, friendly service cannot be fabricated. Rather, it comes from a good-natured spirit unique to the people of New Zealand. So take any one of our daily flights to Sydney or Auckland. We know you'll have a wonderful trip.

UNITED MILEAGE PLUS® PARTNER

[www.airnz.com](http://www.airnz.com)



**AIR NEW ZEALAND**  
WELCOME ABOARD. REALLY.

**DAILY TO SYDNEY AUCKLAND**



Time travel may not be possible,  
but getting more airtime is.

**DigitalChoice SingleRate<sup>SM</sup> East plans  
now have more minutes than ever.**

**MOTOROLA**  
Digital StarTAC

The best calling plan on the East Coast just got better. SingleRate East now gives you more minutes for the same amount of money. Nice, right? And it still offers you the same benefit of no roaming or long distance charges. Of course, if you travel the country more than you travel the East Coast, there's SingleRate USA. So stop by. After all, something this good might not come around again for another billion years.

**A cell phone is only as good as the network it's on.<sup>®</sup>**

DIGITALCHOICE  
**SINGLE RATE<sup>SM</sup>**

**SingleRate East**

**\$39<sup>99</sup>** per month   **\$59<sup>99</sup>** per month   **\$99<sup>99</sup>** per month

Call to find out how many minutes  
are included in your calling area.

**SingleRate USA**

**\$159<sup>99</sup>** per month

1600 monthly minutes included

Subject to terms of Cellular Service Agreement & Regional Price Plans. Annual contract required. \$175 early termination fee. Requires credit approval. Usage rounded to next full minute. Unused allowances lost. Airtime charges apply after allowance. Other charges & restrictions apply. Digital service not available in all areas, CDMA phone required.  
© 1999 Bell Atlantic Mobile

**1 800 255 BELL**  
**www.bam.com**

**Bell Atlantic Mobile**



## TECHNOLOGY

# Printing Postage By Computer

By Mark A. Kellner

If you think that time spent in line at the post office is productive business activity, read no further. But if you have better ways to spend your workday hours, read on: You'll learn that liberation from most trips to the post office is tantalizingly close.

Despite the phenomenal recent growth of e-mail and faxes and the presence of courier services, small companies' use of regular mail continues apace. (According to the latest statistics, the U.S. Postal Service handles 190 billion pieces of mail a year, and only about half of that is first-class mail.)

For small businesses, there still are invoices to get out and checks to be sent. Just ask Marla McCormick, director of administration for Digital Access, Inc., a software developer and Internet-service firm in Woodbridge, Va.

"You always need to use the mail," says McCormick. "We're probably doing 20 pieces a week on average, and at the end of the month it's more."

Substantial relief for McCormick and other small-business people is due soon with the arrival of PC postage—electronically generated markings, called indicia, that can be printed on an envelope or package label or on an invoice that is visible through an envelope window.

Printed directly from a personal computer, this form of postage will be accepted by the Postal Service the same as a meter marking, but without the hassles of having to rent a meter and deal with fluorescent red ink.

PC postage is likely to be well-received, says Vernon Keenan, a San Francisco-

*Mark A. Kellner is a free-lance technology writer in Marina del Rey, Calif.*



PHOTO: GERRY ASHE

Internet-services firm Digital Access, Inc., has been one of the first testers of PC postage, and Marla McCormick, director of administration, has been impressed with the results.

based technology analyst who has studied the electronic-postage market extensively. Electronic-postage sales could reach \$2 billion annually in 2002, he says, up from the \$1 million projected for 1999.

The pioneers in this brave new world of postage include two California-based start-ups, e-Stamp Corp. of Palo Alto and Stamps.com of Santa Monica. But veterans of the postage-metering business are also on board, most notably Pitney Bowes Inc. of Stamford, Conn.

Pre-release tests of vendors' systems were concluding as this issue went to

*Businesses will soon be able to prepare their mailings electronically—and to use more productively the time that would have been spent in the post office.*

press; a third test is under way. Roy R. Gordon, manager of the U.S. Postal Service's PC postage endeavor—officially called the Information Based Indicia Program, or IBIP—says he expects the commercial roll-out of IBIP to begin as early as the second quarter of this year.

## How PC Postage Works

Half the job of printing postage from a PC is already being done. For years, many businesses have been printing envelopes—and address labels—with a bar code showing the ZIP code or the more specific ZIP+4 code.

The bar code is read by postal sorting machines, which then route the mail to its destination.

If the ZIP+4 code is used, the mail is sorted by a carrier route or other designation for even more-efficient delivery.

Now, IBIP will take the bar-coding of an envelope a step further. The traditional bar code will remain above the address block, but it will be complemented, in the upper right corner, with a second "two-dimensional" bar code. This code will contain 13 distinct pieces of information, ranging from the

ZIP codes of the mailer and the recipient to the date of mailing and the postage amount.

In addition, the indicia will include a "postmark" of the town and ZIP code where the piece is mailed and the rate category, such as first class.

A so-called facing identification mark, or FIM, will tell postal sorting machines that there is postage on the item.

One plus for marketing-minded mailers is that to the left of the FIM will be a postage-stamp-size area for "advertising art," so your company logo, for instance,



## TECHNOLOGY

could appear with your postage on an envelope or package.

### Verification And Security

All that sounds like a lot of data—and it is—but the combination of a two-dimensional bar code and the other information is what will make IBIP work.

The key concerns of the Postal Service are address verification and security, officials say. Each piece that is mailed under IBIP must first have the address verified against a Postal Service database.

Once verified, the address information incorporated into the two-dimensional bar code will be used to help route mail through the sorting system—perhaps a bit faster than envelopes without the new code.

The security aspect involves being certain that postage has actually been paid for the item being mailed. Fraud involving postage meters has long been an issue for the Postal Service, as has the reuse of stamps that have somehow sailed through the mail without being postmarked. Such problems will be avoided by both of the IBIP systems that will be available.

One system involves using a hardware component, called an electronic vault, that plugs into the printer port of a computer running some version of Microsoft Corp.'s Windows operating-system software.

Users who have set up an account with a PC postage provider will be able to dial in and have postage electronically deposited in their vault. Payment can be made by credit card or debit from a checking account.

Software on the PC will keep track of the postage remaining and warn users when funds are low. Users will be able to replenish their vault 24 hours a day, seven

days a week; with postage metering, only a handful of post offices, most in large cities, provide such service.

The other IBIP system entails creating an online account that can be accessed via the Internet or, in the case of e-Stamp and

time Internet connections—via phone lines or cable modems, for example—the hardware-free virtual account might be preferable.

(Users of Macintosh- and Unix-based computers will have to adopt the online model because none of the PC-postage-equipment manufacturers contacted by *Nation's Business* plans to make hardware vaults for these operating systems.)

If you want to mail something besides a regular letter, certify a piece of mail, or send an item via Priority Mail (delivery in two or three days) or Express Mail (next-day service), IBIP will accommodate you. Users will be able to print a mailing label with the address and postage indicia, based on the weight entered.

Bulk-mailing services may be added later.

One important drawback to the IBIP system is that it can't be used to send mail overseas. Postal Service manager Gordon says he's working with overseas mail officials to change that, however.

At present, the Postal Service will not offer additional discounts to mailers who use PC postage and thus do much of the agency's work

of address verification, bar-coding, and postmarking.

**"I can track any letter that I sent or bills that were paid. ... I can show where I created the postage to get it out of here, plus have a record of where that business expense is going."**

—William Hawk,  
Director of Business Development,  
Cox & Co.

Stamps.com, through America Online, the online-service provider headquartered in Dulles, Va.

In the online model, the vault is virtual rather than a hardware component, and users can generate postage while connected to the service provider. Stamps.com expects to be the first to offer this online service.

### Weighing The Pluses

Each method has its advantages, advocates note. The hardware vault lets users generate postage at any time, not just when they're online. For those with full-

### Testers' Reactions

Although postage can be printed only for domestic use, for some users electronic postage couldn't arrive soon enough. Among these are people who have been testing the system for almost a year. Two of the pioneers had overall praise for the system, although they did find flaws.

For McCormick of Digital Access, the chief advantage of PC postage has been minimizing trips to the post office. Such trips had to be made often at her small firm, she says, because the owner had declined to rent a postage meter.

McCormick, one of the first testers of PC postage, has been using the product from e-Stamp. Employing software from e-Stamp, a laser printer, and the electronic vault attached to her computer to store downloaded postage, McCormick has eliminated the "stamp runs" that too often took the 14-person firm's receptionist away from the front desk and put McCormick on the phone.

Along with sending letters and invoices, the firm occasionally has to send small computer parts to its clients. That used to mean additional trips to the post office—and more time lost.

Now, McCormick says, she simply prints the necessary postage and fires off the parcel or letter. The letter carrier who stops at

## A Convenient Way To Mail

With about 40,000 post offices and other retail outlets around the nation selling postage stamps, plus the availability of stamps from vending machines at a multitude of locations, finding a place to buy stamps isn't difficult.

But with the arrival of electronic postage that will be downloadable and ready for printing from your computer, you won't even have to leave your business or home.

Following are sources of information on PC Postage and the vendors that will offer the service this year:

■ E-Stamp Corp., (650) 843-8000,

[www.estamp.com](http://www.estamp.com)

■ Neopost, 1-800-624-7892,

[www.neopost.com](http://www.neopost.com)

■ Pitney Bowes Inc.,

1-800-722-8860,

[www.pb.com](http://www.pb.com)

■ Stamps.com,

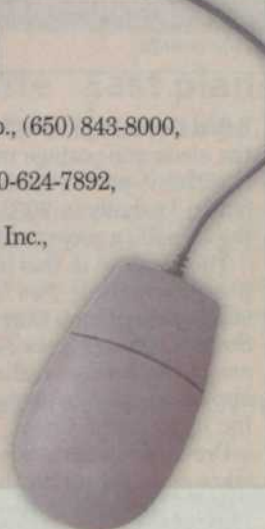
(310) 450-1444,

[www.stamps.com](http://www.stamps.com)

■ U.S. Postal

Service,

[www.usps.gov/ibip](http://www.usps.gov/ibip)





## TECHNOLOGY

the firm is "fantastic," she says, and is picking up more mail than before because the company is making more use of Priority Mail and Express Mail.

### Postal Service's High Hopes

Increased use of its services is the goal of the Postal Service, which has been buffeted by competition and declines in the volume of first-class mail.

Other means of transferring documents and information—such as the fax machine, e-mail, and the Internet, as well as private competitors such as United Parcel Service and Federal Express—have cut into the "correspondence and transactions" category of mail, which represents 59 percent of postal revenue, said Murray Comarow, a former senior assistant postmaster general, during an address to a December conference at the Cato Institute, a policy-research organization in Washington, D.C.

Indeed, the Postal Service's Gordon hopes many postage users will have positive experience with IBIP—and with the Postal Service in general. He figures that increased customer satisfaction from not having to stand in lines at the post office, coupled with an easier way of accessing other classes of mail service, will combine to raise usage.

Gordon acknowledges that postal customers have said that a "motivating factor for using [Postal Service] competitors is ease of access" to those other services; UPS and FedEx have had computer-linked services available for several years.

For William Hawk, director of business development at Cox & Co., an accounting and consulting firm in Washington, a major motivation for participating in the Stamps.com testing was technology blended with added convenience.

"We're always looking for technological solutions to business problems or business processes," says Hawk, who adds that the firm had never found a postage meter that met its needs. "When we were introduced to Stamps.com, we were constantly searching the office for another stamp."

Logging of outgoing mail is a plus, Hawk adds. "I can track any letter that I sent or bills that were paid," he says. "There is a record now. If a question came up on when a bill was paid or something received, I can show where I created the postage to get it out of here, plus have a record of where that business expense is going."

### Pricing And Other Questions

There are still some things that need to be worked out with PC postage before the national rollout, users and vendors say.

Spokesmen for companies such as e-Stamp and Stamps.com say they have not



PHOTO: GERRY ASKE

Cox & Co. and its director of business development, William Hawk, have been taking part in the testing of a PC-postage system from Stamps.com of Santa Monica, Calif. Hawk says the technology has appeal for his accounting firm.

yet set their fee schedules; speculation within the mailing industry is that a company's fee will equal 5 percent of the postage.

Unresolved is whether the intermediary firm or the Postal Service will pay the merchant fee—typically 2 to 3 percent—for postage purchases made with a credit card. (The Postal Service pays the merchant fee when postage is charged at its counters.)

Some of the fine points of addressing envelopes and billing statements will have to be worked out as well.

It's envisioned that small-business-oriented accounting programs such as Peachtree Accounting from Peachtree Software in Norcross, Ga., or QuickBooks from Intuit Corp. in Menlo Park, Calif., will be able to integrate PC postage and print the indicia at the top of a statement. But if the indicia isn't visible through a window envelope, the piece will be undeliverable, notes Bill Shannon, who manages the small-and-home-based-business unit of postage-metering pioneer Pitney Bowes.

But these may be minor matters considering the potential advantages of avoiding long lines at the post office. Says Hawk: "I would love to have this at home. I see great potential for this."

18

# Got Employees?

## Get PayClock!

It calculates hours automatically, eliminates paper time cards forever and interfaces directly to payroll, saving you countless hours every pay period. See for yourself how thousands of growing businesses are saving time and money with PayClock.

Call or visit  
our website  
for a...

FREE  
DEMO

www.lathem.com  
1-800-241-4990

Lathem



## MANAGING

# Helping Employees To Help Others

By Harvey Meyer

Supporting a T-shirt bearing her firm's name, snacking on company-donated doughnuts, and occasionally kidding her co-workers, Heather Alford was enjoying her weekend away from the office—hammering nails at a construction site to help build a house for a needy family.

Alford, a purchasing assistant at a computer firm, was lending a hand with a Habitat for Humanity project in Phoenix. And as she applied her carpentry talents to help others, she was also developing organizational skills and helping her company, based in neighboring Scottsdale, express its commitment to the Phoenix area.

Alford's employer, PAR Technologies, Inc., manufactures computer-memory and related products. It also sponsors a volunteer program for its 65 employees, enabling—though not coercing—them to choose from a variety of projects.

Alford says her PAR-sponsored volunteer work has been “a really great experience,” and she adds that “it makes you feel good to be working for a company that is so connected to the community.”

Although there are no statistics on the prevalence of company-sponsored volunteer programs, anecdotal evidence suggests that volunteerism is gaining in popularity among companies of all sizes.

Interest in community-service programs rose steadily through the 1990s and spiked after a highly publicized presidential “summit” on volunteerism in Philadelphia in 1997, says Jeff Hough, vice president for corporate affairs at the Washington, D.C.-based Points of Light Foundation. The nonprofit organization promotes company volunteer efforts, and Hough says inquiries have been rising every month.

Volunteer programs cover the spectrum of community needs and reflect the range of firms' specialties and employees' skills. Projects may benefit various nonprofit, tax-exempt, and charitable organizations as well as social-welfare agencies such as schools and government programs. Activities may include creating World Wide Web sites, cleaning up roadsides, mentoring at-risk youths, and stocking food banks.

Volunteer programs help promote em-

ployee teamwork, loyalty, pride, and morale, advocates say. Such programs, they add, can help employees develop management and other workplace skills, can help attract high-quality applicants, can enhance a company's image and raise its profile in the community, and can even enable a firm to showcase products and services.

Further, some business owners say com-

*The good that you enable your employees to do through volunteer programs can pay dividends for your company.*

the sponsor will be visible or measurable. Before undertaking a volunteer program, a company should consider a variety of issues. For example:

■ It can be difficult to get increasingly time-squeezed employees to volunteer. But if the firm directly or indirectly coerces employees to volunteer, the pressure could create an inhospitable work environment.



PHOTO: GERALD F. GERO

**Volunteers** from PAR Technologies—including CEO Joel Barthelmy and purchasing assistant Heather Alford—built walls in a house for a poor family in Phoenix, and as they did, says Barthelmy, “walls were being broken down between departments” through their team spirit.

munity-service programs can distinguish a company from its competitors and underscore its reputation for trustworthiness with vendors and customers.

## Caveats And Commitment

Creating a volunteer program that runs well often requires considerable time, effort, and commitment by the firm, and there's no assurance that the benefits to

■ By sponsoring volunteer projects and encouraging employees to participate, a firm could increase its exposure to litigation for employees' actions in the program.

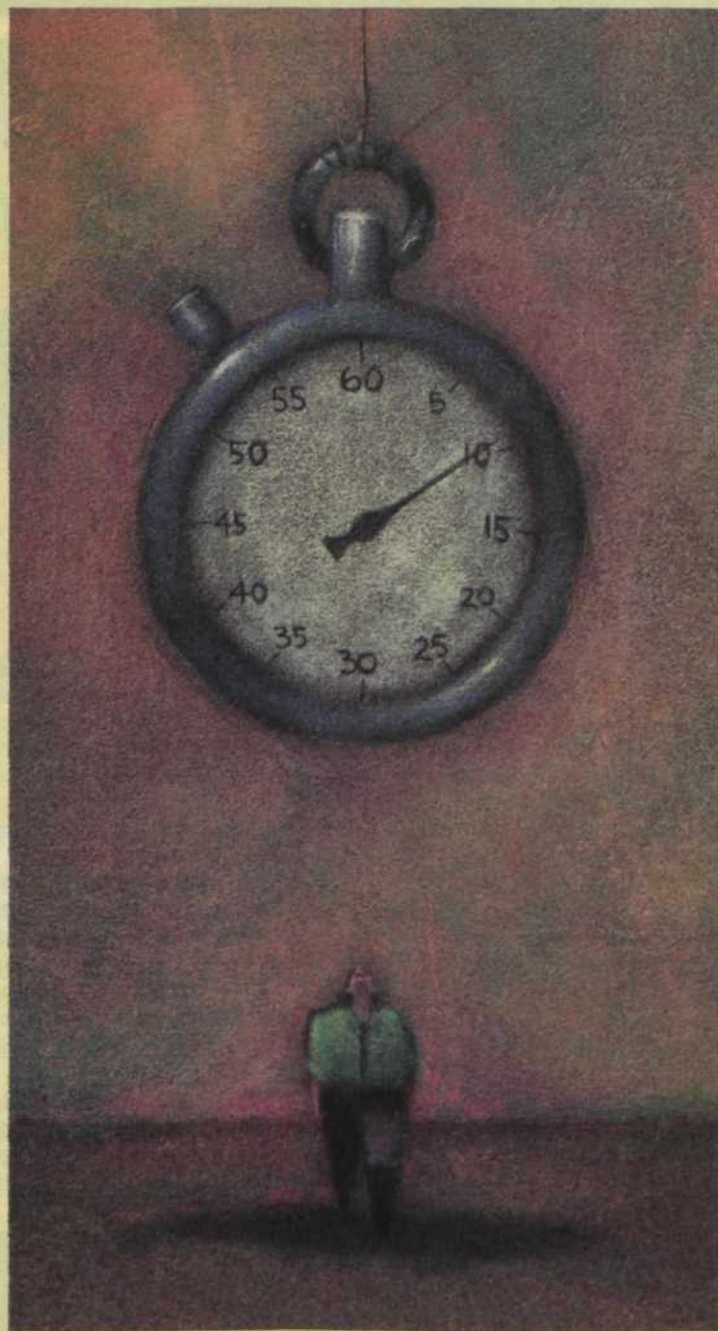
■ The program should reflect the proper mix of corporate and employee interests and community needs.

■ The business must have the right reasons for supporting a volunteer program.

“As a profit-seeking firm, you should not

Harvey Meyer is a free-lance writer in St. Louis, Minn.





# Need to know what your customers think?

## Find out in 30 seconds!

*Are they satisfied with  
your service?*

*Will they buy into  
your new product idea?*

*How well do they recognize  
your brand name?*

*Can you afford to operate  
without knowing  
what your customers think?*

*What do you  
need to know right now?  
Ask anything!*

With Touch-Tone Survey™ it's easy – and less expensive than you ever imagined!

You distribute a simple survey of multiple choice questions (by mail, fax, or any way you wish). Clients or prospects punch in the answers on any touch-tone telephone – in about 30 seconds! You can actually track responses coming in.

We tabulate and analyze the data for you instantaneously! You get valuable qualitative and quantitative market research – the answers to your questions – in about 48 hours. PLUS you wind up with a targeted database ideal for generating leads. Find out more about Touch-Tone Survey™ fast.

For more information via fax **call 1-800-783-SEND x180**

**Touch-Tone Survey™** by MarketFAX®  
*Fast, affordable research at your fingertips.*



## MANAGING

get involved in volunteer activities simply out of altruism," says John Hood, author of *Heroic Enterprise: Business and the Common Good* (Simon & Schuster, \$25). "You want to use your volunteerism and charity to attract and build a productive work force and raise your community profile, not to get your charitable jollies, because that distracts from your fundamental task, which is to make money."

A firm may simply serve as a clearing-house or referral agency for employees and retirees to volunteer for projects. Or its effort may be more extensive, such as when a company complements its philanthropic donations by creating and managing group employee projects, perhaps building in employee-development and image-enhancing activities.

(Volunteer programs differ from sponsorships, though the two confer similar benefits. They also may complement each other, as when a firm financially sponsors a non-profit fund-raiser and supplies company volunteers for the event. See "And Now, Some Words About Sponsors," Page 38.)

### Benefits To The Firm

Company owners embrace volunteerism for a host of reasons. "We've been in the community 30 years," says Steve Fuller, owner of Fuller Plumbing, a five-employee firm in Chula Vista, Calif. "I felt I should give back to the community after everything it's provided me."

Joel Barthelemy, president and CEO of PAR Technologies, says: "Both my parents have 'servant hearts,' and I may be influenced by that.... Volunteering also makes me feel good; it's more than just what's in it for Joel."

Besides personal reasons, there's often much for a company to gain—some call it enlightened self-interest—from having a volunteer program. Some firms believe employee volunteerism adds to a community's vibrancy, which they say can in turn stimulate business opportunities.

In a 1992 survey of 454 U.S. corporations conducted by the Conference Board, a New York City-based business-research organization, nine out of 10 respondents said they actively encouraged their employees to take part in volunteer programs. The survey also showed that the "overwhelming majority" of corporate volunteerism involved education, including helping youngsters with their studies and career plans.

**A volunteer program "adds to a better quality of life. And the happier and more fulfilled employees are, ... the more productive they'll be."**

—Dave Lakhani,  
Cougar Mountain Software



PHOTO: GREG GRIENER

Plumbing company owner Steve Fuller, whose Chula Vista, Calif., firm has been recognized for its program of donating services to the less-affluent during slack periods, adjusts a mirror after fixing a wall heating unit at the home of Esther Maier.

"The business community is compelled to invest in the education of its future work force," the Conference Board report stated, "because of its continuing dependency on the availability of responsible and well-trained workers."

Many companies know the public generally favors socially responsible firms. According to the 1997 Cone/Roper Cause-Related Marketing Trends Report, three-fourths of Americans likely would switch to a company involved in a good cause if its prices and product quality were equal to those of a competing company without such involvement.

The study was done by Boston-based Cone Communications, a marketing agency, and New York City-based Roper Starch Worldwide, a consumer-trends consultancy.

Fuller Plumbing has discovered that its community standing and name recognition have been enhanced by its practice of doing plumbing repairs for the needy during the firm's slow periods. And after articles on those efforts appeared in San Diego newspapers, the company received calls from prospective new customers.

Besides generating publicity, commu-

nity-service efforts can influence other firms to promote volunteerism. The efforts at PAR Technologies made a strong impression on ComTrans, Inc., a customer in Phoenix. At PAR's request, ComTrans joined PAR employees in volunteering for Habitat for Humanity, says Neal Thomas, ComTrans' president.

"All things being equal, I sure would rather work with a firm that is giving something back to the community," says Thomas, who now asks his vendors to join ComTrans in volunteering.

At Cougar Mountain Software, a 57-employee firm in Boise, Idaho, managers are discovering that community-service projects attract managers from other firms, offering informal opportunities to forge business contacts, says Dave Lakhani, director of sales and public relations.

### Helping The Work Force

Beyond enhancing community image and improving ties with customers and vendors, a volunteer program may also help attract high-quality applicants and help keep good employees on the payroll.

In a survey of 2,100 job-seeking MBA graduates, 83 percent said that if they were weighing two otherwise-equal job offers, they'd lean toward a company with a reputation for social responsibility. The 1996 survey was done by Mark Albion, founder of You&Company, a career-management firm in Boston.

A volunteer program "adds to a better quality of life," says Lakhani. "And the



happier and more fulfilled employees are, the longer they'll stay and the more productive they'll be."

Carol Cone, CEO of Cone Communications, which has 60 employees, is convinced that her company's volunteer program—which lets employees use four hours of company time per month for volunteering—is one reason that her firm's employee turnover rate is far below the industry average.

Other firms believe community service contributes to improved interdepartmental communication. Says PAR's Barthelemy: "When we were building walls for Habitat [for Humanity], walls were being broken down between departments. No longer was sales the enemy of accounting, credit, and collection. When everybody is pitching in like that, you build enormous team spirit and respect."

### Impact On Skills Development

According to the 1992 Conference Board survey, volunteering employees improved their skills in areas such as communication, problem solving, organization, time management, leadership, planning, budgeting, and getting along with others.

In addition, those who took part in the survey said the experience of volunteering taught them more about government policies and regulations, handling responsibility, and appreciating fellow employees and work-force diversity.

For some firms, volunteerism can even outshine workshops and seminars in helping train employees, interns, and apprentices. At Fuller Plumbing, an apprentice plumber learns technical and customer-service skills during company-sponsored community-service work.

**L**aunching a volunteer program, says business author Hood, takes time, effort, and sometimes your firm's materials—if, for example, you donate your company's products or other goods for a volunteer activity. It can require cash outlays, too, for items such as refreshments and T-shirts.

Another cost arises if employees are allowed to do at least some of their volunteer work on company time.

Be mindful also that although you may be able to tally media coverage of your community-service efforts, you probably won't be able to assign an exact value to that publicity or to improved morale.

Also sounding a cautionary note about corporate volunteerism is Elizabeth Levang, a Minneapolis management consultant who wrote her doctoral dissertation on corporations that coerce employees to volunteer. Her 1991 research indicated that three-fourths of the employees felt some coercion from their companies. Coer-

cion, Levang said, can contribute to feelings of hostility and aggression.

Says Barthelemy: "We make it very clear to employees that you may volunteer if you can and want to. You won't be looked at any differently on the job if you don't."

Clearly, a volunteer program offers many potential benefits. Just as clearly, however, small firms should do their homework to make the best use of volunteerism and avoid its drawbacks, says Susan Ellis, pres-

ident of Energize, a Philadelphia-based training, consulting, and publishing firm specializing in volunteering.

"Don't go into [volunteerism] thoughtlessly," Ellis advises. "It's not that simple. And remember—you're playing around with things employees hold dearly, like their free time. It's like any management issue: If you spend a fair amount of time planning it, you'll have fewer problems and more success."

18

## Tips On Volunteerism

Companies should take a systematic, go-slow approach when they're considering launching a community-service program, say experts on employee volunteerism.

First, ask what might be gained and lost by creating a program whereby your company promotes and organizes employee volunteerism. Establish priorities among the advantages—presuming they outweigh the disadvantages.

Volunteer efforts should take into account your corporate culture, values, and strategic goals, which should help engender respect, attention, and resources for the program. As much as possible, choose volunteer projects that offer multiple benefits—for example, morale-building activities that also augment employees' job skills while enhancing your firm's image with recruits, customers, and the community.

Your firm should steer its community-service initiatives but seek input from employees and retirees on their volunteer interests, skills, and experiences.

A companywide advisory committee, perhaps working with public relations, human resources, or community relations, can disseminate information on volunteer projects. Committee members, who might serve as point persons for specific projects, should be rotated regularly to ensure freshness and to spark participation.

One way to jump-start a program is to encourage employees already volunteering to perform those same services for the company. "That way you have built-in momentum," says Jeff Hough, vice president of corporate affairs at the Points of Light Foundation, a nonprofit organization in Washington, D.C., that promotes and assists corporate volunteerism.

Your corporate and employee volunteer interests should align with community needs. Hough says those needs can often be supplied by a local-government unit, the United Way, or a volunteer center.

Consider working with a reputable nonprofit organization that you like and that has experience coordinating volunteer pro-

jects of strategic interest to your firm.

In discussions with a nonprofit organization, make clear what you want and don't want—for instance, that you want employees to interact with one another and other volunteers rather than work alone; that you want workers to develop new skills; and that you want certain of your company's products or services and not others included in publicity.

Start with small volunteer projects, particularly ones that produce readily identifiable results, Hough says. "You and your employees are likely to feel better about the project if you can see the fruits of your labor at the end of the day."

Upper management should volunteer with the rank and file, experts say, to show commitment and inspire camaraderie.

Other ways to encourage participation are to recompense volunteers for their time and transport them to projects.

The Points of Light Foundation recommends regular evaluations—perhaps through surveys—to determine a program's impact on employees, the company, and the community.

Recognize employees for their volunteerism. Tout their efforts in company newsletters, community newspapers, lobby displays, employee e-mail, and annual reports and communications with customers and vendors. Consider supplying refreshments and company T-shirts to employees who volunteer and honoring them with gifts and award programs.

Finally, strive for continuous improvement by consulting with companies that have achieved sustained success with their volunteer programs.





# Reader Information



## By FAX

Call now to receive immediate information about products from these advertisers. It will be faxed instantly.

**Call 1-800-597-7363**

**American Power Conversion.** Founded in 1981, American Power (NASDAQ: APCC) is a worldwide leader in the designing, manufacturing, and marketing of power protection and management solutions for Nonstop Networking. **807**

**Verbal Karate.** A how-to book to help you get what you want by speaking more confidently. A highly effective book, it covers all aspects of verbal encounters, i.e., business, personal, financial relationships, and more. Get more details. **805**

**World Record Golf Club.** Oversize Controller driving iron sets a world record from the fairway. Its design reduces hooks and slices, conforms to USGA rules. **830**

**Cessna.** Tired of the cost and time wasted on commercial airline travel? Find out how your company can benefit from using a Cessna CitationJet. **880**

**Steamatic** is a diversified cleaning and restoration business. One franchise fee provides air duct cleaning, insurance restoration, carpet, furniture and drapery cleaning. **825**

**American Republic Insurance Company.** Americare®—Protection the American way. Individual health insurance. **801**

**Ryder.** Ryder can help you control costs, improve flexibility and turn transportation into a competitive advantage. **855**

**Fidelity Investments** has teamed with the U.S. Chamber to create a retirement program exclusively for Chamber members. **818**

**Royal Copystar.** The RC-2260 copier includes features and performance required in today's information age. Sixty copies per minute, five on-line paper sources. **858**

**General Nutrition Centers,** one of America's most recognized specialty retailers, could be your best franchise opportunity. **824**

**Mita Fax Machines.** Mita machines allow you to scan documents into memory at six seconds per page. Laser technology lets you use plain paper for clear images. **884**

**MarketFax.** Use this exciting interactive fax technology to get immediate results for your small business. **865**

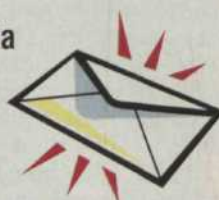
**Mail Boxes, Etc.** The world's largest franchisor of neighborhood postal, business and communications service centers. **848**

**Society Insurance.** Broad range of comprehensive property and casualty insurance coverage for businesses and individuals in Wisconsin, Illinois and Iowa. **802**

**IBM.** IBM offers more than just PCs. It can offer you integrated hardware and software, service contracts and financing. **833**

## By MAIL

To receive information via mail from the following advertisers, fill out the attached coupon.



**PLEASE CIRCLE  
YOUR SELECTIONS.**

- 1 Blue Cross Blue Shield of Alabama
- 3 Great Sky, Inc.
- 7 Quotesmith.com, Inc.
- 8 APC  
American Power Conversion
- 9 Ceco Building Systems
- 10 Lathem Time Corp.
- 12 ET Solutions

### MAIL TO:

NATION'S BUSINESS,  
1615 H STREET, N.W.  
WASHINGTON, D.C. 20062-2000

### FAX TO:

202/463-5636

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP \_\_\_\_\_



# Where I Stand

## On Social Security

**T**he Social Security system faces financial trouble in the next few decades, and President Clinton, lawmakers, and others have proposed various solutions, some of which would have significant implications for small business. (See the Cover Story, Page 16.) These questions seek your views on these issues.

Results of this poll will be published in the May issue of *Nation's Business* and will be forwarded to administration officials and congressional leaders. Send the attached, postage-paid Reader Response Card. Or circle your answers and fax this page to (202) 463-5636. To respond via the Internet, go to [www.nbmag.com](http://www.nbmag.com) and click on "Poll."

### 1 Should most of the projected federal budget surpluses over the next 15 years be used to shore up Social Security?

1. Yes      2. No      3. Undecided

### 2 Do you think Social Security will provide adequate retirement income for beneficiaries if action is taken to ensure its solvency beyond 2032?

1. Yes      2. No      3. Don't know

### 3 Should policy-makers try to solve Social Security's fiscal problems by adjusting the current system, or should a significantly new approach be tried?

1. Adjust the current system  
2. Try a new approach  
3. Take no action

### 4 Should the federal government be allowed to invest some of Social Security's current surplus in the stock market to increase the system's reserves?

1. Yes      2. No

### 5 Do you favor private investment accounts for individuals as part of, in addition to, or instead of Social Security?

1. Yes, as part of Social Security  
2. Yes, in addition to Social Security  
3. Yes, instead of Social Security  
4. No

### 6 If you answered "Yes" to Question 5, how should private investment accounts be funded?

1. Increased payroll tax  
2. A portion of the current payroll tax  
3. Federal budget surpluses  
4. Individual's own funds  
5. A combination of those resources

### 7 How much of the administrative burdens and costs are you willing to bear if your employees have private Social Security accounts?

1. Little or none      2. A moderate amount      3. All

## January Poll Results

## On The Economy

**A** majority of respondents to a recent *Nation's Business* poll said the U.S. economy won't get much stronger in 1999 and is headed for a recession this year or next.

Yet an overwhelming majority of respondents to the January Where I Stand poll said they believe their businesses could withstand a recession.

Meanwhile, more than half of the respondents said they had not been affected by economic crises in other nations.

Here are the complete results of the poll:

**Do you think the U.S. economy will grow stronger during 1999, get weaker, or stay about the same?**

Stronger	18%
Weaker	39
About the same	43

**Do you think the U.S. economy is headed for a recession (two consecutive quarters of negative growth in the gross domestic product)?**

Yes, in 1999	20%
Yes, in 2000	37
No	43

**Do you believe your business can withstand an economic slowdown or a recession?**

Yes	88%
No	12

**How is your business being affected by economic crises in other nations? (Check all that apply.)**

Exports are decreasing	14%
More low-price imports are hurting sales	16
Sales to other U.S. exporting firms are declining	9
Obtaining financing is difficult	6
No impact	55

**What are you doing to respond to economic conditions abroad? (Check all that apply.)**

Lowering prices and making a smaller profit	11%
Cutting operating costs	18
Reducing the work force	10
Scaling back production	5
Canceling planned expansion	10
Taking other measures	13
Nothing	33



## TRAVEL

# Business Fliers Cope With Carry-On Rules

By Peter Weaver

If you've flown commercially in the past few months, you probably noticed some changes at the gate. At the request of the Federal Aviation Administration (FAA), airlines last summer began setting and enforcing strict limits on the size and number of items that each passenger can carry aboard.

For business travelers in a hurry, the new rules can cause inconvenience. Generally, items that don't meet a particular airline's carry-on requirements have to be checked in.

Although checking in baggage before a flight and claiming it afterward can increase the amount of time a business traveler spends in airports, travel observers say it also may reduce the baggage-stowing problems that can delay a plane's departure.

A flight can be held up if some carry-on items have to be removed from the passenger cabin and transferred to the cargo hold because there's no room for them in overhead bins or under the seats.

Such problems have increased in recent years with the increase in airlines' load factors—an industry measurement

of the percentage of available seats sold, whether on given flights, in particular markets, or throughout the carrier's system.

The airlines' new carry-on rules also underscore the FAA's rules and guidelines related to the volume of carry-on luggage. The agency says airlines must ensure that overhead compartments are never so stuffed with items that passengers would be struck by objects if bins were to pop open.

Airlines must also make certain, says the FAA, that items stored under seats would not impede the plane's occupants in an emergency evacuation.

## Traveling By The Numbers

Airlines have been asked to set their own limits for carry-on items within certain guidelines, so the limits may vary somewhat from airline to airline. Travelers, in turn, may feel uncertain as to exactly what's allowed by each carrier.

Some airlines say a carry-on bag can be no bigger than 9 by 14 by 22 inches. Others say it can be up to 10 by 16 by 24 inches.

Some airlines use size-

*Airlines' limits on baggage may alter your packing practices but also could reduce some departure delays.*

limit boxes at gates, others use "sizer" templates at security pass-throughs. Further, some airlines allow two carry-ons while others allow only one. And most say briefcases and laptop computers count as carry-ons.

The FAA has told airlines they should have procedures for informing passengers on what they can take aboard. In addition, most travel agents, especially those who handle a lot of business clients, are keeping score on the luggage-dimension derby.

"We have up-to-date charts on our agents' bulletin boards that list all of the airlines' restrictions," says Nancy Strong, president of Strong Travel Services in Dallas. "We can tell customers when an airline has problems with larger purses."

Strong and other agents also know which airlines have relaxed restrictions for first-class, business-class, and high-mileage frequent fliers. For example, they now know that American Airlines allows an extra carry-on for first- and business-class customers. So does Northwest Airlines.

Even more lenient is Continental Airlines, which, in a competitive bid to appeal to customers, has been refurbishing its planes' interiors to expand overhead



PHOTO: ©DAY KRIST—UNIPHOTO

Airlines' new limits on carry-on baggage vary somewhat from carrier to carrier, leaving passengers uncertain of what they can take on board. Many veteran travelers planning to be away longer than overnight are resigned to checking bags to avoid hassles at gates and security stations.



# Here's an Easy Way To Write Employee Handbooks, Reviews, and Job Descriptions!

## Use KnowledgePoint Software.

Each software package is \$119 plus shipping.  
**BUY ALL THREE** for \$219 plus shipping.  
A better buy than getting one for free!

### PUT YOUR POLICIES ON PAPER

A well-written employee handbook improves morale and provides legal protection in the event of employee disputes. **Policies Now!** makes creating a legally appropriate customized employee handbook quick and easy. Just follow an easy Q&A process. **Policies Now!** takes your information and writes a custom-mode, legally appropriate employee handbook.



### FASTER, BETTER, EMPLOYEE REVIEWS

Dislike writing performance reviews? **Performance Now!** provides clear, meaningful text based on information you provide. It gives context-sensitive human resources advice, helps assess coaching ideas for improving performance, and even provides a log to track performance year around.



### DESCRIBE THE JOB; BOOST PERFORMANCE

A comprehensive job description helps boost performance, recruit the right employee, and protect against legal disputes. Just choose a job, answer a few questions and **Descriptions Now!** custom-writes an effective job description that complies with the Americans with Disabilities Act. It also helps in

writing employment ads and provides links to online recruiting sites.



### MAIL ORDER FORM TO:

#### Nation's Business

Marketing Department  
1615 H Street, N.W.  
Washington, DC 20062-2000

Send me:

- ☐ Policies Now! \$119 + \$10 shipping
- ☐ Descriptions Now! \$119 + \$10 shipping
- ☐ Performance Now! \$119 + \$10 shipping
- ☐ Save on 2: Policies Now! and Descriptions Now! \$189 + \$15 shipping
- ☐ Get all three \$219 + \$20 shipping

CA, DC, GA, KS, KY, MD, MN, MS, ND, NE, TX add sales tax.

☐ Check enclosed payable to Nation's Business.

Bill my: ☐ Visa ☐ MC ☐ Amex

Card # \_\_\_\_\_

Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

(Required for credit card orders)

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

(No P.O. Boxes)

City/State/ZIP \_\_\_\_\_

280006

Order toll-free 1(800)638-6582.



## TRAVEL

storage bins. Continental has no specific size limits for carry-ons or large garment bags. And briefcases and large purses are not counted as carry-ons.

For other airlines, however, the battle of the bulging bag is being waged, particularly in coach.

Two carry-on items—any mix of roller bags, briefcases, and laptops—is the limit for most carriers, including American, Delta Air Lines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways.

Northwest allows only one carry-on bag, but you can take on an extra item such as a briefcase, a laptop, or a large purse.

### Frequent Travelers' Tactics

"The restrictions are so tight [that] you might as well check everything," says Jim Love, president of American Homes Southwest, a building-supply company in Carmel, Calif.

Although some bags with wheels are compact enough to meet airlines' size limits, Love and other business travelers say such cases can accommodate only enough clothing for an overnight stay. For longer trips, many veteran travelers are resigned to checking bags to avoid last-minute hassles at security stations or boarding gates.

"I check a bag that has extra space for

my briefcase," says Jerry Leonard, president of Leonard & Associates, a sales-representative firm in Dallas, "and I carry a slim hanging bag on board that can be stowed in a forward hanger space."

So-called valet closets for coats and garment bags are not available on all airliners, however. Before you decide to take a garment bag, ask your travel agent or an airline reservation clerk if the plane is equipped with such a closet.

Larger garment bags—those with shoulder straps and side pockets—are often blocked at carry-on checkpoints because of their size. "The overall dimension dooms them as carry-ons," says David Stempler, president of the Air Travelers Association. "And good riddance," he adds. "They take up way too much space in the overhead bins."

As head of the Washington, D.C.-based advocacy group, Stempler travels frequently. He says he's trying to limit his trips to one-night stays so he can pack all he needs in one bag—sometimes an oversized legal case—that can easily meet the size limits for a carry-on.

Stempler says he doesn't carry a laptop, and he puts papers and pens in a portfolio that fits in with a fresh shirt, underwear, socks, and a small grooming kit.

For overnight trips, manufacturers'

representative Jerry Leonard takes one size-friendly bag on board. "It's not a roller bag," he says, "because you can fit more" in a bag whose measurable exterior reflects just its usable interior—with no wheels or retractable handle included in the allowable dimensions.

### Luggage Makers Take Notice

Because roller bags are so popular with business travelers, luggage manufacturers are turning out new products and reworking past designs to make sure their carry-ons meet the most stringent measurement limits.

"We're following the FAA guidelines of 45 linear inches," says John Adams, director of product development with Samsonite Corp. in Denver, "which run to 22 inches in height, 9 inches in depth, and 14 inches in width," including wheels and handles.

"Our standard upright carry-on [with wheels] fits the guideline limit," Adams says, "but you can't stuff much in the side pockets because then it won't fit."

To be sure its carry-ons comply with size limits, Samsonite has developed a new Silhouette Cabin Carry On that measures 20 by 8 by 14 inches, or 42 linear inches.

The company is also refurbishing the image of its "strong-side" luggage made

## On Board

## What You Can Take

Airline	Number Of Carry-Ons	Maximum Linear Inches* Of Each Carry-On	Other Rules
American	Two	45	Briefcases count as carry-ons.
Continental	No established limits; depends on space available.		
Delta	Two	45	Briefcases count as carry-ons.
Northwest	One	45	One additional item, such as a briefcase or a laptop computer, is permitted.
Southwest	Two	50	Briefcases count as carry-ons.
TWA	Two	50	Briefcases count as carry-ons.
United	Two	45	Briefcases, laptop computers, and large purses count as carry-ons.
US Airways	Two	50	Briefcases and laptop computers count as carry-ons.

\*Total of an item's length, width, and depth

SOURCES: INDIVIDUAL AIRLINES



of heavy plastic. "When more people are forced to check luggage because of the size limitations," Adams says, "we believe they'll be more confident with something that's durable and can take a lot more abuse."

If you check your luggage, experienced travelers note, there's always the chance that it won't arrive at the same time you do, so you may still need a carry-on for business papers as well as a change of clothes and some grooming items.

"We have a new carry-on that's called the Mobile Office Case," says Adams, "which has a padded section for a laptop and space to accommodate overnight needs."

Other manufacturers are racing to get out luggage that can fit the most stringent size tests. "We have a Mobile Traveler small-wheeler carry-on that passes all the tests and can accommodate the needs for an overnight trip," says Maria Reicin, a spokeswoman for Hartmann Inc., a luggage manufacturer in Lebanon, Tenn.

APA's Stempler says it's not a bad idea to use a tape measure or ruler to determine the exact dimensions of any carry-on bag you've purchased in the past to make sure it's in the range of the new standards of about 45 linear inches.

### Showdown At The Airport

Two of the airlines adhering most strictly to carry-on limits are United and Delta. Soon after the FAA issued its advisory last year, both carriers began installing size templates at security pass-through installations that they operate in several major airports.

Among the airports with templates now in place are Chicago's O'Hare International, Denver International, and New York City's LaGuardia.

By spring, at least 45 airports will have security-area templates set up by either United or Delta or both, according to the airlines.

For Continental, however, the size templates have instigated a legal battle. Continental argues that because in effect it does not limit the size of carry-ons, its passengers' luggage should not be subject to the limits set by other airlines when those carriers operate the security pass-throughs that serve Continental's flights.

Delta, for example, operates security screening devices at San Diego International Airport for not only its own passengers but also those of two other airlines, including Continental.

Last fall Continental sued in a California court to stop Delta from applying its baggage-size limits to Continental passengers' carry-ons.

Continental has similar security-screening arrangements elsewhere, including Denver, with United.

"This is a competitive issue," says Kathryn Creedy, an FAA spokeswoman, "because Continental has spent millions of dollars refitting its planes to take on more carry-on bags and they don't want their passengers to be restricted by someone else's standards."

**The Federal Aviation Administration is "interested in passenger and crew safety involving overstuffed bins that pop open, spewing out luggage that can injure people."**

—FAA Spokeswoman Kathryn Creedy

### One Size For All?

There is some concern that disputes like that between Continental and Delta could arise elsewhere, which could further confuse travelers. "There has to be one recognized size for carry-on bags," says Jim Haynes, president of the Commercial Travelers Association, an organization made up mostly of small-business owners and professionals. "Otherwise this won't work."

The FAA's Creedy maintains, however, that "the concept of one size fits all won't work." She notes that on-board storage can depend on the type of plane and how its interior is configured. Moreover, storage space can vary depending on the destination, time of day, and the season.

The FAA, says Creedy, is "primarily interested in passenger and crew safety involving overstuffed bins that pop open, spewing out luggage that can injure people, along with bags getting in the way of emergency evacuation routes."

Says a flight attendant for a major airline: "People drag two big roller bags down the aisle, and we have a fight on our hands when we tell them [the bags] won't fit." Flight-crew members widely maintain that for safety reasons, over-size baggage has to be checked—and that passengers must be brought around to that view.

According to the FAA and some travel-industry experts, the latest guidelines are designed to accomplish just that.

# Link With the BEST

Check out these great companies

.....

[www.massmutual.com](http://www.massmutual.com)

[www.teligent.com](http://www.teligent.com)

[www.dell.com](http://www.dell.com)

[www.microsoft.com](http://www.microsoft.com)

[www.toyota.com](http://www.toyota.com)

[www.visa.com](http://www.visa.com)

[www.cessna.com](http://www.cessna.com)

[www.ford.com](http://www.ford.com)

[www.chrysler.com](http://www.chrysler.com)

[www.gm.com](http://www.gm.com)

[www.bison1.com/GNC](http://www.bison1.com/GNC)

[www.janiking.com](http://www.janiking.com)

.....

And then check out the common link.

[www.nbmag.com](http://www.nbmag.com)



**Nation'sBusiness**  
The Small Business Adviser



# Family Business

*Developing the next generation; blending old and new; coping with cultural imperatives.*

## OBSERVATIONS

### Championing CEOs Of The Future

By Sharon Nelton

**T**wo Midwestern universities are on the cutting edge of what may be a coming trend in family-business education: focusing on the preparation of successors.

Loyola University Chicago's Family Business Center will launch its second 18-month Next Generation Leadership Institute (NGLI) in May. The Weatherhead School of Management at Case Western Reserve University in Cleveland introduced its 10-month program, "From Sons and Daughters to CEOs," in its 1998-99 academic year, which began in September.

MBA programs and executive-education programs are not sufficient for tomorrow's family-business leaders because they don't address family and ownership issues, say the directors of the new programs—Melissa Shanker at Loyola and Ernesto J. Poza at Case.

Shanker speaks of the NGLI's desire "to be the champion of the successors" and provide them with an opportunity to reflect on what they want rather than blindly follow the lead of a father or an uncle.

"We try to help the successors identify their strengths and weaknesses, get a better understanding of their family culture and how it affects their business, and get a clearer vision for the business and for themselves," says Shanker. The NGLI is designed for individuals ages 30 to 45 who are serving in a top management position or hold a post with substantial responsibility.

"Ideally, they would be slotted to either assume the top leadership role or some sort of shared leadership situation of either the family or the business," she says.

The Case program, says Poza, "talks about succession, development of leadership qualities, dealing with nonfamily members, and becoming skilled and comfortable as a top decision-maker of the family business."

Both universities provide participants with a confidential environment, where they can talk openly with peers who are facing the same issues. Both offer a combination of workshops and seminars and give students an opportunity to test—and

gain confidence in—their own leadership styles. The programs are not cheap—\$15,000 for Loyola's and \$9,000 at Case.

The 15 students from Loyola's first program, launched in 1996, are still meeting with one another monthly, and Shanker sees that as a sign of success. And she believes the students will be "better people" because they've learned so much about themselves.

But the full measure of the NGLI, she says, won't be known until "we see these guys in action five to 10 years from now." The question then will be: Are they better leaders for having gone through the program? That's the real test.

#### To Learn More

Loyola's Family Business Center is taking applications until March 15 for the NGLI program starting in May. Call program director Shanker at (312) 915-6490.

For information on "From Sons and Daughters to CEOs," call the Case Western Reserve University Family Business Program at (216) 368-2041.



## PLANNING

### Honoring Tradition In A Changing World

By Bernard Kliska and Craig E. Aronoff

**I**n family businesses, tradition is something like truth: It's easy to uphold, until upholding it presents a risk.

For example, consider the Portobello family—a composite example based on several family businesses we know. When Grandfather Portobello started his neighborhood bakery, people began their days with an early morning walk to the bakery to buy fresh bread. He built his business on careful attention to quality.

Now fast-forward to a world of preservatives, dual-income families who leap out of bed to rush to work, and 24-hour supermarkets with on-premises bakeries. The Portobello family's business, now run by

the founder's son, still turns out the best-quality product around. But business has been stagnant for years, and costs continue to rise.

"If we don't make the best, we shouldn't be in business," insists the aging second-generation baker. Indeed, he is simply restating for the thousandth time an unquestioned family tradition.

But now the family has gotten an offer that's difficult to refuse. A large commercial bakery wants to produce and distribute baked goods under the Portobello name. It's an opportunity to make more money in the next year than the family has made in the past 10



PHOTO: GBRUCE POWELL

Craig E. Aronoff, left, holds the Dinos Chair of Private Enterprise at Kennesaw State University in Kennesaw, Ga. Bernard Kliska is a licensed family therapist in Chicago and retired CEO of his family's fourth-generation business. Both are family-business consultants. Copyright © by the Family Business Consulting Group, Inc.



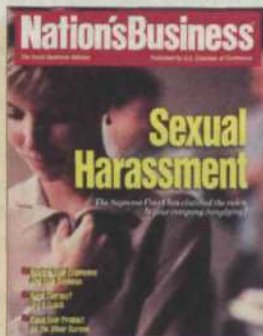
**From Customer Relations To Planning For Retirement,  
Cover Story Reprints Help You Manage And Grow Your Business.**



## Small Firms' Stake In Social Security Reform

Small-company owners could face new burdens if Congress fails to keep entrepreneurs' interests in mind.

#PU8864



## Sexual Harassment

The Supreme Court's message: Put your policy in writing, communicate it to every employee, and follow up on complaints.

#PUB846



## EPA's New Reach

Debate is raging over whether a policy that could block permits for industrial plants in minority areas would hurt rather than help the people it is supposed to protect. #PUB844



## Sell Your Way To Success

After creating a company and holding to an enduring vision, an entrepreneur's perhaps most valuable contribution is to drive sales.

#PUB863



## Sizing Up The Megabanks

Small-business owners are uneasy with the wave of mergers in the financial-services industry, but there are ways for them to restore solid banking relationships. **#PUB845**



## When OSHA Calls

A surprise safety inspection could put you out of business. Are you prepared?

#PUB843



## Small Business Outlook For '99

Although the U.S. economy is generally on solid ground, there's still uneasiness about the year ahead.

#PIB862

### Color Reprint Rates

1 To 9 Copies	\$2.69 each
10 To 29 Copies	\$2.49 each
30 To 99 Copies	\$2.19 each
100 To 499 Copies	\$1.99 each
500 To 999 Copies	\$1.59 each

**Mail reprint  
request to:**

**Nation's Business**  
*Marketing Department*  
1615 H Street, N.W.  
Washington, D.C.  
20062-2000

QTY.	REPRINT NUMBER	REPRINT NAME	UNIT PRICE	TOTAL PRICE
<input type="checkbox"/> Check enclosed <input type="checkbox"/> Bill my: <input type="checkbox"/> VISA <input type="checkbox"/> MC <input type="checkbox"/> AE <input type="checkbox"/> Bill me (\$100.00 minimum order)			SUBTOTAL  SALES TAX IF APPLICABLE*  SHIPPING  TOTAL	FREE

\* CA, DC, GA, KS, KY, MD, MN, MS, ND, NE, TX

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Telephone \_\_\_\_\_

**ORDER TOLL-FREE**

**1-800-638-6582**

**FAX**

**1-202-463-5641**

[www.nbmao.com](http://www.nbmao.com)

# Nation's Business

*The Small Business Adviser*

NB0390



## FAMILY BUSINESS

years put together, and that's just the beginning.

Grandsons with their own young families rattle off a long list of family food businesses that have sold their names to large companies and reaped huge financial benefits. But their father reminds them that those products are not nearly as good as they used to be.

"We've got to do something," say the grandsons. "We've got kids we need to send to college soon."

In times of crisis, it's important to remember some basic points about traditions:

■ Traditions are evolutionary, stretching from the past through the present to the future. Traditions survive because they help the family to prosper.

■ It makes sense to honor traditions and trust them.

■ Traditions should be seen as guides, not leashes.

■ Traditions can make profits and everything else in life more meaningful.

The Portobello family needs to increase its profitability and still revere its traditions. But how? By genuinely honoring the tradition. A tradition that survives only as the motto on a package is hardly worth the cellophane it's printed on.

The most valuable time to reaffirm a tradition is when it's threatened. The Portobello family's members should spend time together honoring their tradition. They should talk about their history, sharing stories from business and family life that illustrate the living importance and the value of their tradition to themselves and their children.

Here are other steps the Portobello family—or any business family in a similar position—can take:

**Brainstorm ways to incorporate the tradition into any proposed change.** For example, can the Portobellos insist that the new owners will maintain the quality? Can this be included as part of the financial negotiations?

Or, if the suitor company isn't willing to guarantee maintaining the quality that is the Portobello tradition, perhaps the family can solicit bids from other companies—now that the idea of selling the business has presented itself.

**Accept the need for change.** If the deal falls through because the family insists on honoring its tradition, there's still this positive outcome: Everyone has realized that things can't continue as they've been going. They have reaffirmed both the need for change and that any change must be in accord with the family tradition.

**When a new direction is determined, make tradition a part of it.** During the discussions about what to do, the Portobellos finally faced the facts of their declining business.

But after drawing new determination and inspiration from their long tradition, the search for an honest new direction became energized.

Family members discussed the changing culture and demographics of the neighborhood. There were fewer old Italians and many more gentrifiers and college students. Although the members of the new population ran at a faster pace, they still needed a place that was reassuring, relaxing, and wholesome.

The Portobellos decided to open a bakery cafe. People didn't have time to get up, buy bread, and go back home for breakfast, but they had enough time to stop for coffee and fresh bread and rolls in a warm, friendly place.

The Portobellos also rearranged their hours and baking schedules so that in the evening, on their way home from work, people could stop by for fresh bread.

In the past decade, midday business had just about disappeared, but as word spread about the quality, genuineness, and friendliness of the cafe, people began coming for lunch. A few years later, the Portobellos expanded by taking over the store next door.

Of course, not every story ends so successfully. But as the Portobellos found, when they followed family traditions in a flexible way, without watering them down or rationalizing them away, success was more likely.

After all, traditions are the foundation of the family's business and life. In time, it usually becomes desirable or necessary to renovate. Families may even have to strengthen the foundation. But they never tear it down.



ILLUSTRATION: TROY THOMAS

## MARK YOUR CALENDAR



### March 2, Holyoke, Mass.

"The View From 'On High'" looks at what life has been like for successors at various stages of running their family businesses. Call the University of Massachusetts Family Business Center at (413) 545-1537.

### March 10, Stamford, Conn.

"Winning Family Businesses Share Their Secrets" is a program offered by the University of Connecticut Family Business Program. To be repeated on March 11 in Farmington, Conn. Call (860) 486-5740.

### March 11, Chicago

"Futureview: Using Technology To Go Beyond Your Competition" features technology forecaster and author Daniel Burrus. Call the Family Business Council of the University of Illinois at Chicago at (312) 413-2752.

### March 18, Weston, Mass.

"Leadership by Default: When the Heir Is Not Readily Apparent" is a session sponsored by the Northeastern University Center for Family Business. Call (781) 320-8015.

### March 23, Goshen, Ind.

"Identifying and Leveraging the Competitive Strengths of Your Family Business" features family-business writer Sharon Nelson of *Nation's Business*. Call the Goshen College Family Business Program at (219) 535-7135.

### March 23, Wilmington, Del.

"Interpersonal Relationships in the Family Business" is a half-day workshop offered by the University of Delaware Family Business Center. Call (302) 831-0743.

### April 9, New York City

"A Road Map To Surviving and Thriving in the 21st Century" is a family-business conference sponsored by the Family Business Council of Greater New York and Baruch College of the City University of New York. Call (212) 802-6623.

### How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to *Family Business*, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000.



# Case Study: A Cultural Dilemma

Maria and her family hold closely to their Greek roots. Nine siblings and cousins, including Maria, are working in the family's importing business, and their connection to one another is strong.

While Olympia Imports is now in its second generation, leadership is still in the hands of the first-generation patriarch, Nick, who is 73. He and his brother, Ari, 65, who is Maria's father, founded the company more than 40 years ago.

Given the current international economic scene, the \$12 million business is performing fairly well. However, Maria,

35, and a few of her cousins and siblings want to effect some change. Maria heads up sales and sees new product opportunities.

"Times are changing, but my uncle and my father refuse to recognize that as being so," she says. "They come from a culture where leadership is exclusively male. Uncle Nick has no intention of retiring. When he dies, it will be my father's turn to run the business, and when he dies, the

next-oldest male will take over."

Maria has a college degree, and so do most of her cousins and siblings, but the values of the males among them are still very rooted in their traditional culture.

"Succession planning really isn't an option for this family," says Maria. "The rules are prescribed in advance. The younger generation, and especially the women, want to be heard. I'd like to know how we can have a voice in decision-making. What happens to consensus? What happens to team-building? And how can we create a forum or structure to encourage the generation of ideas?"

## Response 1

### Raise The Bar

Maria needs to realize this is not a Greek tragedy—not yet, anyway.

In a culture where leadership is traditionally male and where birth order dictates organizational hierarchy in a family business Maria's situation is typical if no less frustrating.

As such, Maria's challenges are more "generational" than "gender-based"—pitting her skills, goals, and objectives against the cultural ideologies of her father's generation.

This situation is something she cannot change today or first thing tomorrow.

The best way Maria can constructively bring about change in the business is by accepting this reality and focusing on raising the company's success bar, not by dwelling on the dramatics of "having her voice heard."

Let's look at this from another perspective. Maria already directs sales—a critical role in any business and one that her mother or aunts likely never could have achieved.

In her father's mind, Maria may have already reached rare heights for a female, and she is perceived as a "modern woman"

and as living proof that an evolution is taking place.

To move forward, Maria must focus on effectively communicating her ideas and goals both for herself and for the business.

If Maria can succeed in delivering on an aggressive sales objective or in carving out a new sales or product initiative, then she will best position herself to have the professional respect and the "ears" that she will need for her ideas.

ILLUSTRATION: TROY THOMAS

## Response 2

### Build Your Own Team

If we accept Maria's statement that "succession planning really isn't an option," then we must look for other ways to meet the needs of the younger family members.

They must clearly separate issues of participation in and contribution to the company from the issue of who will be the leader. Given the traditional values of the younger males, can this generation present a reasonably congruent view of the future, especially across gender lines?

Can they agree on the direction in which to move the business, on the changes to make, on a

timetable for such changes, and on the roles they will play? As these questions suggest, they must begin team-building among themselves.

Would it be possible to assemble the entire family, look 10 years into the future, and talk about the goals and dreams of each family member, for both the family and the business?

If the whole family cannot be brought together, perhaps the younger generation can gather on its own.

Maria, her siblings, and her cousins may find it easier to get their fathers to accept change if the ideas come from their fathers' peers. It might be useful to look outside the company for men their fathers know and respect, men who are not so wedded to tradition and who can act as champions for the younger generation and help begin the process of introducing change.

Maria must decide if her needs can be met at Olympia Imports under any circumstances. Going to another company may be her only means of making a contribution. And if things at the family firm improve, she could rejoin it with more experience.



Olga Staios, executive director of The Family Enterprise Institute in Cincinnati.



Paul L. Sessions, director of the Center for Family Business at the University of New Haven in West Haven, Conn.

This series presents actual family-business dilemmas, commented on by members of the Family Firm Institute and edited by Paul I. Karofsky, executive director of the Northeastern University Center for Family Business in Dedham, Mass. Identities are changed to protect family privacy. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Boston. You can comment on this case study on the World Wide Web at [www.ffi.org/forums.html](http://www.ffi.org/forums.html).



## Generate Business Success Through Advanced Planning and Management



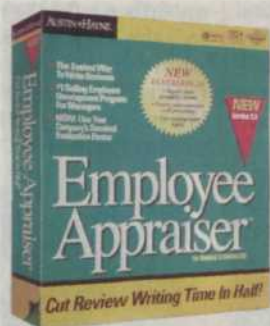
Computer disk (Windows 3-1/2, MAC) and 400-page reference guide.

**\$89.00**  
plus \$7.95 s/h

Publish your own manual and protect your company.

### EMPLOYEE MANUAL MAKER

Stop problems before they occur by creating a company-specific manual that details your policies, procedures, and benefits. With over 140 ready-to-customize documents to choose from, you'll not only satisfy legal requirements when you give each employee a manual, you'll have better informed (and happier) employees and managers...and that means a smooth-running business. This is a must for anyone with five or more employees.



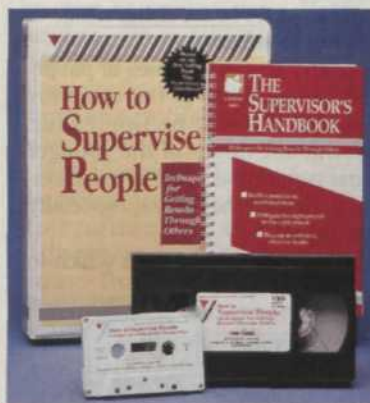
Computer disk (WINDOWS 3-1/2) with over 400 writing samples.

**\$99.95**  
plus \$6 s/h

Better employee evaluations... delivered in half the time.

### EMPLOYEE APPRAISER

Avoid common performance appraisal mistakes that can get you into legal difficulty...and ruffle employee feathers. Developed by labor law experts, this computer based program checks your documents for inappropriate language and not only offers advice on how to correct it, but gives you access to hundreds of professionally written phrases and paragraphs that can be personalized for your needs. You and your supervisors will cut review writing time in half!



Video, VHS only. Running time 42 minutes. Includes companion audiocassette and Supervisor's Handbook.

**\$99.95**  
plus \$6 s/h

Proven techniques for getting results through others.

### HOW TO SUPERVISE PEOPLE

Leadership is the ultimate challenge for any supervisor...and often the key to an effective organization. Leadership requires skill, toughness, and sensitivity...and this

acclaimed video shows you how to attain all three. You'll see how to use team building, delegation, and conflict resolution to become an outstanding supervisor.



Video running time 48 minutes. Includes companion audiocassette and workbook.

**\$99.95**  
plus \$6 s/h

Become a first-rate supervisor.

### THE NEW SUPERVISOR: SKILLS FOR SUCCESS

Here's everything you need to improve your leadership ability...make timely, effective decisions...manage change and time productively...communicate effectively so you can praise, criticize, and deal with conflict...build an effective work team...train people who work for and with you...and enjoy your job! This is a career-building program.



Video running time 25 minutes. Includes companion audiocassette and book.

**\$99.95**  
plus \$6.50 s/h

Follow a proven systematic hiring process.

### HIRING THE BEST

This step-by-step program tackles the ins-and-outs of finding and hiring employees. Learn how to be proactive in the process, view resumes and ask questions that get results. Tips that can be used immediately include: Filling out a "Must-Have" worksheet for each job opening, reference checking and the importance of listening during the interview.



CD-ROM  
**\$39.95**  
plus \$4.50 s/h

Includes 600 ready-to-select interview questions.

### HIRING TOP PERFORMERS

Effective hiring requires more than relying on a "gut feeling." To consistently hire top people, you need to use effective, proven techniques. Learn the techniques you can use to ensure that you hire the right people without wasting any time. This program covers the classified ads to the interviews, the fact-checking to the salary negotiations and can improve your skills in any area of the overall hiring process.





Computer disk  
(Windows 3-1/2, MAC)  
and 126-page reference  
guide.

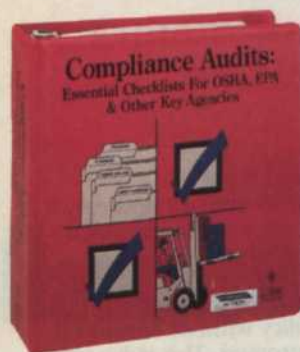
**\$89.00**  
plus \$7.95 s/h

Create a safe and healthy workplace...Quickly and easily comply with OSHA, and avoid lawsuits!

## **SAFETYPLAN BUILDER**

Here's everything you need to create a complete safety and health management plan. Select your industry, state, and work practices and SafetyPlan Builder

will custom assemble your safety plan manual for you in minutes.



292 pages,  
loose-leaf,  
3-ring binder

**\$139.00**  
plus \$8 s/h

Essential checklists for OSHA, EPA & other key agencies—

## **COMPLIANCE AUDITS**

Saves time and money by providing a "snapshot" of facility compliance through an easy-to-use audit program! It provides guidance on how to do a walk-around audit of your facility; takes you through the recordkeeping requirements; and provides information on OSHA and EPA, including how they do inspections and schedule penalties.



1,039 pages,  
loose-leaf,  
3-ring binder

**\$189.00**  
plus \$8 s/h

Workplace safety regulations and index

## **1910 OSHA GUIDE**

This comprehensive reference guide contains the full text of 29 CFR Part 1910, Subparts A through Z, plus Part 1903 Inspections and Part 1904 Recordkeeping. It's printed in 20 percent larger type than the CFR, and it's tab-divided and indexed for quick reference.

This guide works hand-in-hand with the OSHA Compliance Manual.



Video running time  
48 minutes. Includes  
companion audio-  
cassette and workbook.

**\$99.95**  
plus \$6 s/h

Create a cooperative, highly productive team environment.

## **EFFECTIVE TEAMWORK**

Teamwork is what makes businesses successful. Ideas and decisions are generated within teams and not from the top down as in the past. The Effective Teamwork video training program will show you:

- What teams are all about and why they are important to your organization
- How to write a team constitution
- How to develop ideas and make decisions
- How to run a team meeting

Your entire work force will know how to maintain a cooperative, creative and highly productive team environment.



Computer disk  
(3-1/2 Windows)

**\$39.00**  
plus \$6 s/h

Work smarter, not harder!

## **SMART BUSINESS FORMS**

Smart Forms 97 is the most complete library of professionally prepared business forms ever assembled. With more than 2,500 powerful forms for almost every business need, Smart Forms 97 is the quickest and easiest way to minimize liability and reduce legal costs. Ideal for small businesses wishing

to project a corporate image. Plus, registered users can update their software for one year FREE via the Smart Online Web site.



Computer disk  
(3-1/2 Windows)

**\$69.00**  
plus \$6 s/h

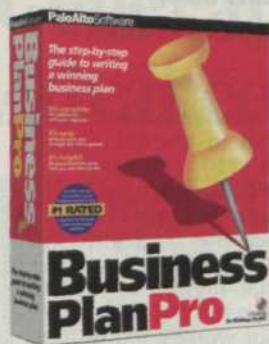
Extensive library of legal forms and business letters.

## **SMART ATTORNEY**

Improve your bottom line by reducing costly legal fees. With Smart Attorney, you can perform your own basic legal tasks. With more than 3,500 forms and letters, Smart Attorney contains the most extensive collection of legal documents ever assembled. This software is specifically designed to cut

overhead by performing basic legal tasks—you can start saving money today!



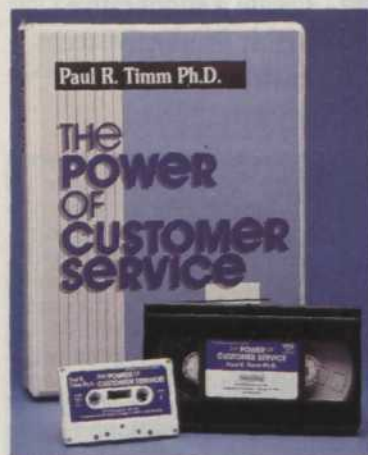


CD (Windows 95, 98, NT, 3.1)  
**\$99.95**  
 plus \$7.50 s/h

Create a business plan  
 in seven easy steps!

### BUSINESS PLAN PRO 3.0

1998 "Win100" winner from Windows Magazine! An easy-to-use business plan package featuring audio help on financials, 20 sample plans, complete database of venture capitalists, customizable business charts and professional-looking full color printouts. Rated the #1 business planning software by Windows Magazine, Home Office Computing, PC Magazine and more.



Video. VHS only.  
 Running time 45 minutes.  
 Includes companion audiocassette and workbook.  
**\$99.95**  
 plus \$6 s/h

Help your employees  
 understand the secret to  
 getting repeat business.

### THE POWER OF CUSTOMER SERVICE

Customers often buy because of the quality of the service, rather than the quality of the product. Show employees how to deliver the service that creates satisfied customers and turns around disgruntled customers. Help them deal with customers courteously even when they're under pressure. Demonstrate how to communicate concern and competence. Put your company on the inside track to consumer confidence.



Video. VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.  
**\$99.95**  
 plus \$6 s/h

A powerful customer  
 retention tool!

### 50 WAYS TO KEEP YOUR CUSTOMERS

Fifty super techniques that keep your customers—and employees—happy. You can turn every customer into a lifelong client with this best-selling video workshop. Must viewing for owners, managers, salespeople, telemarketers, office staff—everyone who deals with customers in person or by phone. Segmented into easy viewing sections.



Computer disk  
 (3-1/2 Windows)  
**\$99.00**  
 plus \$6 s/h

The BEST business plan program.

### SMART BUSINESS PLAN

The foundation of every successful business is a rock-solid business plan—and we've made it fast, easy, and fool-proof. Just follow the simple steps to build a plan that will impress even the most critical banker or investor. Complete with professional-looking charts and graphs based on standards recognized throughout the industry.

This software includes its own word processor, spreadsheet, graph generator, and sample plans.



Four videos. VHS only.  
 Running time 212 minutes. Includes 40-page workbook.  
**\$299.95**  
 plus \$6 s/h

Quick service doesn't  
 have to mean poor  
 service.

### HOW TO GIVE EXCEPTIONAL CUSTOMER SERVICE

See for yourself how easy it is to serve customers quickly but still leave them feeling pampered. Watch how easy it is to enforce company policy without turning off customers. This video series will help you make every customer contact more pleasurable and profitable; you'll build a base of customer devotion, loyalty, and repeat business.



Three videos. VHS only.  
 Running time 231 minutes. Includes 48-page workbook.  
**\$249.95**  
 plus \$6 s/h

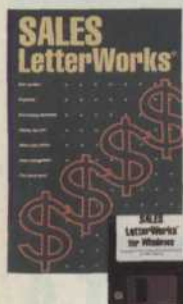
If you need to learn  
 about accounting,  
 finance, and  
 budgeting...here are  
 the answers!

### FINANCE FOR NONFINANCIAL PROFESSIONALS

Make more confident and well-informed decisions in money matters. Deliver analyses and reports that demonstrate your control of your business. This exceptional video series helps you learn every basic nuance of finance, including accrual vs. cash reporting; direct and fixed costs; tests for liquidity, leverage, and solvency; revenue projections, and more.

CALL TOLL-FREE **1-800-638-6582**  
 OR USE THE COUPON ON THE LAST PAGE





308 expert letters that generate sales and profits.

## SALES LETTERWORKS

No matter what your business is or whom you're trying to convince, you'll find the perfect letter for

virtually every selling situation. Call up customizable letters that cover every aspect of selling: creating repeat business, opening doors, dealing with customers, responding to objections, collecting money.

Computer disk (DOS 5-1/4, 3-1/2, Windows 3-1/2, MAC) and 372-page book (308 letters)

**\$79.95**  
plus \$6 s/h



400 professionally written letters for all areas of your business.

## BUSINESS LETTERWORKS\*

If you've ever had to apologize for an

employee's rudeness, make an inquiry to a venture capital firm, collect an unpaid debt, or any number of everyday situations, then this software will simplify your life. Call up letters covering advertising, suppliers, internal communications...every possible business situation.

Computer disk (DOS 5-1/4, 3-1/2, Windows 3-1/2, MAC) and 470-page book (400 letters)

**\$79.95**  
plus \$6 s/h

\*Formerly LetterWorks



Get off on the right foot!

## HOW TO WRITE A WINNING PROPOSAL

Whether you've written

proposals or not, each one presents a new, difficult challenge. With this program, you'll learn how to take any idea, shape it on paper, and give it the visual impact that gets attention. You'll learn how to organize your material in a logical, reader-friendly way. And you'll learn how to avoid the turn-offs that can doom your proposal from the start. This video will help you deliver powerful, well-written proposals!

Video running time 1 hour 31 minutes. Includes two videos and companion workbook.

**\$149.95**  
plus \$6 s/h



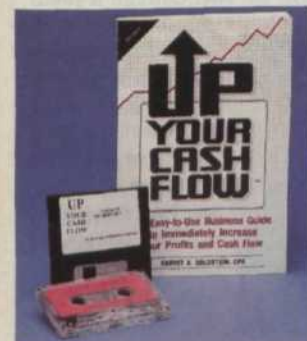
Create a complete marketing plan in six easy steps!

## MARKETING PLUS

Built-in text, spreadsheets, charts, graphs, and examples help you develop, manage and track your plan. Use spreadsheets to budget expenses and forecast sales. Then track your expenses, compare forecasts against actuals, and measure your efforts. Includes software, user guide, marketing manual, and a sample plan.

Computer disk (Windows 3.1 & Windows 95), CD & 3.5" disks

**\$99.95**  
plus \$7.50 s/h



Increase your profits and cash flow.

## UP YOUR CASH FLOW

*Entrepreneur version*

How much cash will you need next week, next month, or next year? If you've never had the time or the tools to project cash flow, here's the product for you. Just answer the questions on your screen about sales and expenses and out pops a complete financial plan in spreadsheet format...without wasting time to set it up! You can spot trends, run "what if" scenarios, and always know your cash needs in advance.

Computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2) and reference book.

**\$139.00**  
plus \$6 s/h

## Nation's Business® Order Form

Send to: Marketing Dept., 1615 H St., N.W., Washington, D.C. 20062-2000

**ORDER TOLL-FREE 1-800-638-6582**  
**OR FAX 1-202-463-5641**

**Your order is 100% satisfaction guaranteed or your money back if returned within 30 days**

Shipping and handling will not be refunded.

Ship To:

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

(No P.O. Boxes)

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

Telephone # \_\_\_\_\_

(Required for Credit Card and Fax Orders)

### Method of Payment

☐ Check or money order enclosed payable to Nation's Business

☐ Bill my credit card: ☐ VISA ☐ MasterCard ☐ AE

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

QTY	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE

Orders outside the U.S.A. and Canada add \$25.00 per product for shipping/handling

SUBTOTAL

CA, DC, GA, KS, KY, MD, MN, MS, ND, NE, TX, SALES TAX

TOTAL

NB0399



# Making It

*Growing businesses share their experiences in creating and marketing new products and services.*

## An Electronic Salesman

By Michael Barrier

**R**on Sherman was an on-the-air television personality in Little Rock, Ark., for more than 25 years, but he was a salesman all that time, too. When he started in 1970, he was a weatherman on the weekends and sold commercial time during the week. He also appeared in "a ton of local commercials," he says.

Around 20 years ago, Sherman began hosting TV movies sponsored by a Little Rock siding company. "I think I was uninhibited about selling the product and not holding back," he says. The siding company began sending him to other cities on the weekends to do live commercials during movies on local stations.

His conversational style was so successful, he says, that other home-improvement companies began seeking him out, to the point that "I couldn't do all the live movie requests that I got." For seven years, from 1986 to 1993, he flew back to Little Rock late almost every Sunday night, after pitching home improvement in another city, then got up at 4 a.m. to host a morning TV show.

Sherman's life is a little less hectic now—he gave up the morning show two years ago—but he is more wrapped up than ever in TV commercials for the home-improvement industry. He now heads Ron Sherman Advertising and Teleproductions, a 25-employee Little Rock advertising agency and production house whose 1999 revenues Sherman expects to be around \$10 million.

The company was born while Sherman was making his weekend jaunts, when he began buying air time for his clients instead of simply appearing as talent.

Ron Sherman Advertising specializes in infomercials—half-hour commercials—for



PHOTOS: GWESLEY HITT

*At his company's production studio in Little Rock, Ark., Ron Sherman appears in many of the infomercials the firm makes for home-improvement companies and other clients.*

national and regional manufacturers of such things as replacement windows, vinyl and metal siding, and sun rooms. The company also makes commercials for dealers all over the United States and in Canada.

About 85 percent of the company's revenue comes from home-improvement

clients, and Sherman expects that about 50 percent of the production time in 1999 will be devoted to home-improvement infomercials. Since the company began, it has made more than 40 of the shows.

Sherman, 48, appears in many infomercials himself, extolling the virtues of, for example, NuSash windows to a 125-member studio audience, which is paid for its time.

He worked out of his home until 1991, when he set up a small studio, with \$150,000 worth of equipment, in Sherwood, Ark., and hired a few colleagues from Little Rock stations to staff it. Ron Sherman Advertising moved into its current quarters—an 18,000-square-foot former movie-theater complex in southwestern Little Rock—about four years ago.

Sherman says his clients benefit through costs that are lower than what most other television-ad producers charge, not only because his is an integrated operation but also because he uses many off-the-shelf elements—such as standing sets—and avoids charges that are common elsewhere (for "development," for instance, when none is needed).

He says he can charge a local dealer much less than other agencies would for a commercial—\$5,000 or so for a slick computer-animated spot, rather than two or three times as much—"because we still own the rights to it, and we can sell it



across the country" to other dealers of the same product.

Beyond that, Sherman says, his clients benefit from his specialization. "A lot of agencies could do good production," he says, "but do they really understand what the dealers are trying to say to their potential customers? There's a feel that we



have because we do it every day and with so many products."

What's true on the production side is also true on the media-buying side, he says: "Just by pure trial and error, we have found a lot of places to buy advertising and television time that work for home improvement, because we keep doing it and doing it."

Sherman (a professional name; his real name is Steve Jumper) made his first infomercial on his own, without a client, in 1991. Called "The Ron Sherman Home Show," it demonstrated vinyl siding and replacement windows. "For years," he says, manufacturers of such products "perceived me as a kid who just did siding commercials." Once they realized he had

broader capabilities, he says, "that got us a foot in the door."

If he hadn't risked his own money then, he says, "we wouldn't be doing the infomercials today. Sometimes, on the bottom line, there's no justification for doing these things. But if you have a gut feeling of where your company needs to go, you should do them." ■

## A Trucker's Passion

By Mark Richard Moss

**K**arl H. Robinson is, and always will be, a truck driver. Although he is the co-founder and president of R & R Transportation Inc. in Greensboro, N.C., there are still times when he has to get behind the wheel of one of his company's trucks.

"I don't like to be cooped up in the office," Robinson says. "I get grief all the time from my father for driving a truck, but that's what I am. I am a truck driver. I still love to get out there and drive."

That passion for driving has helped create a nine-year-old, family-owned trucking business with 1998 sales of about \$1.3 million. Last year, Robinson was named minority small-business person for 1998 by the Greensboro Area Chamber of Commerce. The nominating committee found that R & R had "grown wonderfully" despite being in a very competitive industry, says Kathy Elliott, the chamber's small-business developer. "[The Robinsons] have a very strong and stable company."

The company covers the Greensboro/Winston-Salem/High Point area, a market that Robinson says accounts for more than \$20 million a year in delivery business. R & R Transportation (the R's represent Karl and his father, Henry) serves its 200 customers, mostly small companies, with a fleet of trucks, vans, cars, and tractor-trailers.

Leander Isaac, shipping supervisor at PBM Graphics in Greensboro, has been using R & R Transportation for about five years. "They do a great job. They're always willing to do what they have to do to get the job done," he says.

Robinson says that his father, a company vice president, doesn't approve of

him driving because he feels his son should be at the office running the company. But Karl says that his father is at least partly responsible for his love of driving and the trucking business.



PHOTO: GUM STRATFORD-BLACK STAR

**With the drive of someone who loves the trucking business, Karl Robinson, right, has built R & R Transportation Inc.—which he runs with his father, Henry—into an award-winning firm.**

When Karl was in his early 20s, Henry, a plumber at the time, bought a tractor-trailer to make extra money hauling goods. On a trip to Texas with a driver his father had hired, Karl got behind the wheel of the tractor-trailer for the first time.

When he returned, he quit his job managing a liquor store and took over the driving responsibilities. Eight months later he was injured when he fell off a rusted trailer step, and he couldn't work for more than a month. His father sold the tractor-trailer.

Karl held a series of truck-driving jobs, and at one, for a trucking company at Piedmont Triad International Airport in the late 1980s, he gained dispatching experience. He was promoted to terminal manager, the position he held five years later when the firm filed for bankruptcy.

Looking for work in 1990, he was often told that he was overqualified for a driver's position. But he had established good relations with the customers of his most recent employer. They started calling him at home, wondering if he was available for deliveries. After he started contacting other customers, business picked up, and he and his father established R & R. Robinson also borrowed \$3,000 from his mother for business expenses.

"After about three months, we were swamped," Robinson says. Sales the first year reached \$61,000.

Robinson now has refined and packaged a business plan that he says is a marketable product. The LTL (less than a truckload) industry, he explains, applies to large trucking companies that combine partial truckloads of freight to make a complete load for dispatch to various destinations nationwide. To describe his business, Robinson added "local" to the term and copyrighted it.

He says his LLTL concept is a "proven game plan" that outlines how to get started without buying expensive tractor-trailers, how to give favorable rates to customers, and how to negotiate contracts with large corporations.

LLTL comes with software and Robinson's expertise through consulting. The price is \$100,000—half

for business start-up costs; half for the package itself. Robinson says he hasn't yet sold an LLTL program because he hasn't found the time to market it.

"I'm not a salesperson," he says. "I'm a truck driver." ■

Mark Richard Moss is a free-lance writer in Winston-Salem, N.C.



## MAKING IT

# Where Learning Takes Root

By Carla Goodman

At the wooden gate to Dry Creek Herb Farm and Learning Center, tucked away in the Sierra foothills near Auburn, Calif., folk herbalist Shatoiya de la Tour greets you with an easy, friendly smile. Thick red hair. Sparkling hazel eyes. A full-length cotton dress and a hand-spun, multicolored shawl. She reminds you of Mother Earth.

"You're just in time for a tour," says de la Tour, 44, as she leads you down the dirt path of a one-acre garden filled with rosemary, lavender, echinacea, and other, more exotic herbs.

The garden is the focal point of her 2.5-acre enterprise, a \$375,000-a-year business that draws customers from as far away as Italy and Germany. They come to learn how to cultivate and use herbs for their culinary, medicinal, and cosmetic needs.

"Many students are city dwellers," says de la Tour. "They want to touch the earth, walk barefoot in the garden, and see plants grow. They want that earth connection."

Ten years ago, de la Tour followed a psychic's advice to move to Auburn from Ventura, Calif., where she had been growing and selling organic herbs to restaurants. "Auburn is ideal," says de la Tour. "It's a small town close to a big city [Sacramento], which provides an important customer base. Auburn is also as far north as I can go and grow herbs without greenhouses."

Through a real-estate agent, she found land to rent. Newly divorced and unable to get a bank loan, she signed a lease and borrowed \$40,000 on credit cards to start Dry Creek Herb Farm and Learning Center in 1988.

De la Tour's immediate mission was educating people that herbs are safe, nutritious, and beneficial. She spoke to northern California garden clubs, parent groups, church meetings, and "anyone else who would listen."

Not everyone is receptive, especially

those who demand scientific proof of herbs' healing properties. "What I teach is folk herbalism," she says. "It's based on empirical knowledge, what my grandmother told me and her mother before that. It's based

and business partner in charge of their staff of three. It ends in the garden, where students are encouraged to explore herbs and make a personal connection.

The most serious students, including registered nurses, massage and physical therapists, and a few physicians, enroll in a nine-month apprenticeship program.

"When I first met Shatoiya, she had feathers in her hair, and I had my doubts," says Bette J. Pack, a Fair Oaks, Calif.,

chiropractor and Dry Creek apprenticeship graduate. "She has a fantastic energy and made learning a very meaningful experience. I've passed on to my patients much of what I learned about making soaps, oils, and tinctures from herbs."

At the end of the garden tour, de la Tour opens the door to the gift shop, a sunlit room filled with 180 varieties of organic bulk herbs, skin-care products, gifts, tapes, and books, including *The Herbalist of Yarrow*, an illustrated fairy tale she wrote.

Dry Creek derives about 60 percent of its revenue from classes and the apprenticeship program; the rest comes from gift-shop and mail-order sales. Three years ago, the de la Tours used a portion of their revenues to purchase the 2.5-acre site, which includes their home as well as their business.

Even in this idyllic setting, the de la Tours have concerns. Rick is concerned about entrepreneurs with minimal experience who start herb businesses. "They give us a bad name," he says. "We're an unlicensed, unregulated industry, and customers need protection" from people who know little about herbs or who are just looking for a quick profit. "We're glad to help people start herb businesses if they have the knowledge."

Last year the couple started the Northern California Herb Growers Association to help owners of herb businesses share information.

Shatoiya worries that critics who demand scientific proof of herbs' healing properties will convince government agencies that herbalists should be licensed and regulated. "This will drive folk herbalists out of business," she says. "If that happens, I'll either dig in and continue my drive to educate people about herbs, or I'll go into the mountains."

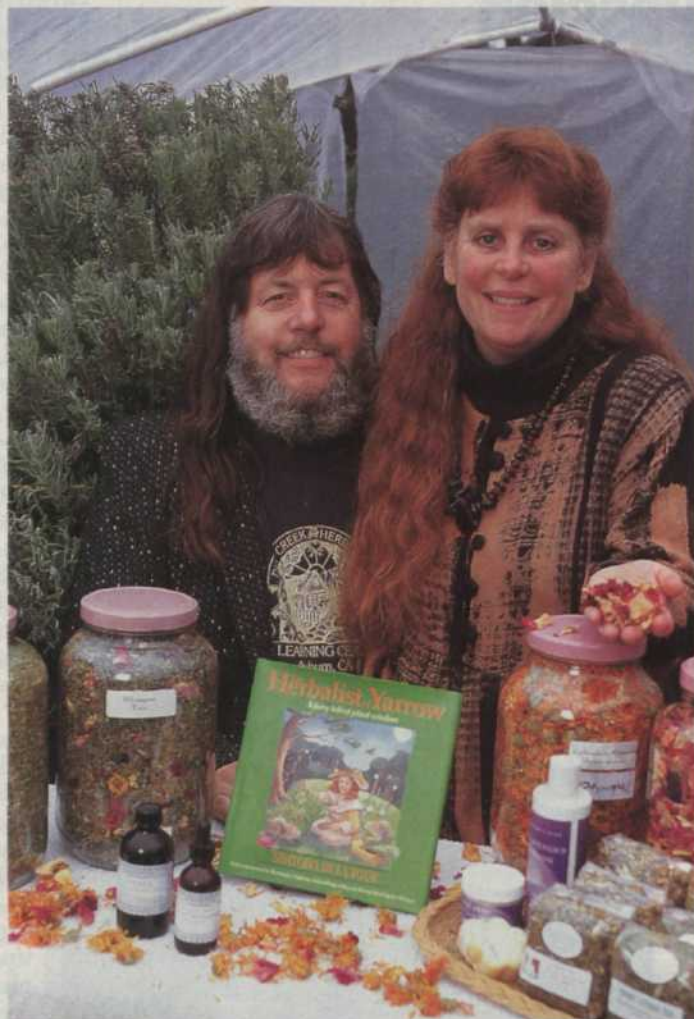


PHOTO: GLINDA SUE SCOTT

Students come from far and wide to learn the art of cultivating and using herbs from Shatoiya and Rick de la Tour.

on hundreds of years of women using herbs, not on scientific evidence.

"I ask people if they want to call the 20 mothers whose children were healed of conjunctivitis using camomile and eyebright. To me, the proof is in the pudding."

Students ages 17 to 72 come to Dry Creek for classes on herb gardening, herbal first aid, spiritual attunement with plants, and dozens of other subjects. Instruction begins in a large, open-air, canvas-roofed structure built by Rick de la Tour, 46, Shatoiya's husband of five years

Carla Goodman is a free-lance writer in Sacramento, Calif.



# Nation's Business Classified Ads

## CLASSIFIED RATES AND INFORMATION

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) Fax: 202-463-3102 or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	2x	3x	6x	12x	— frequency
\$75	\$70	\$65	\$55	\$40	— line rate
\$1,050	\$960	\$890	\$770	\$540	— per inch display

Ad minimums: solid set, 3 lines:  
display, 1 inch.

### How To Reply To Box Numbers

Box (number in ad),  
Nation's Business Classified,  
PO Box 1200, Washington, DC 20013.

## APPAREL

**Sierra Mills** **FREE LOGO & EMBROIDERY**

Denim Shirts As Low As... \$16.95 Qty-288

CALL FOR FREE CATALOG 800-670-3050



Caps  
Jackets  
Sport Shirts  
& More

[www.sierramills.com](http://www.sierramills.com)

## APPAREL

## NEW AUTHORS

**PUBLISH YOUR WORK**  
**ALL SUBJECTS CONSIDERED**

Fiction, Biography, Religious, Poetry, Children's.

**AUTHORS WORLDWIDE INVITED.**

WRITE OR SEND YOUR MANUSCRIPT TO

**MINERVA PRESS**

2 OLD BROMPTON ROAD, LONDON SW7 3DQ, ENGLAND

## BUILDINGS

STEEL BUILDINGS: From HERITAGE, delivered to your jobsite ready to bolt together. 5000 sizes, build it yourself and SAVE. Call with your building size. 1-800-643-5555. Heritage Building Systems, POB 470, N. Little Rock, AR 72115-0470.

## BUSINESS FINANCING

CAPITAL MATCH links entrepreneurs and investors.  
785-587-9638  
[www.capmatch.com](http://www.capmatch.com)

DSA FACTORS Accts. Revbl financing 773-248-9000.  
96% ADVANCE on new invoices. NEXT DAY PAYMENT.  
REPS Wanted. Territories open: IL, MS, TN, NC.  
PO Box 577520, Chicago, IL 60657

## BUSINESS FINANCING

CASH FOR INVOICES. Accounts Receivable Financing to \$2,000,000. Direct lender with offices nationwide. AeroFund Financial. Approvals by phone. 1-800-747-4AFI(4234).

EXPORT FINANCING ALTERNATIVES... Equipment Loans, Cross-Border Leasing, Project Finance & Export Credit Insurance: Latin America, Pacific Rim, Mexico & other emerging foreign markets...call Adirondack Leasing @ 800-678-7342, Fax 518-463-0144.

WORKING CAPITAL COMPANY. Commercial accounts receivable financing. Fast Funding/Low Rates 800-899-3836. [www.working-capital.com](http://www.working-capital.com)

THE CAPITAL NETWORK introduces investors to serious emerging growth companies. For more information CALL 512-305-0826.

## FINANCIAL PROFESSIONALS HARD TO BORROW?

USE COLLATERALIZED LOANS  
PAYS INTEREST ONLY.  
TRAINING & SUPPORT

**WE LOCATE FUNDERS FOR  
BUSINESS AND REAL ESTATE**

Anthony Abraham, ESQ. - Real Estate  
Eric A. Klein, ESQ. - Attorney/Fiduciary

**INTERNATIONAL DEVELOPING  
ENTERPRISES AGENCY (IDEA)**

590 Madison Ave., 21st FL. NY NY(USA)

Ph. 212-751-0800 / Fax 212-688-4442

World Phone: (500) 367-6000

e-mail: [panglob@aol.com](mailto:panglob@aol.com)

## BUSINESS OPPORTUNITIES

### RELOCATABLE BUSINESSES

Acquire established, ongoing businesses you can relocate to your area. Mail order, publishing, distribution, light manu., other movable businesses for sale. For a free sample report, write the Relocatable Business newsletter, PO Box 220214, Great Neck, NY 11022-0214 or call 1-800-448-8567.

CLOTHING and MANUFACTURING CO. FOR SALE  
in the Berkshire Hills of Western Massachusetts. \$275,000.  
Call 413-528-3386 for info.

## MEDICAL BILLING

■ Work from home or office. ■ Unlimited Income Potential.

■ Join the industry leader with over

3000 Billing Centers nationwide.

Extensive Sales and Software Training & Support.

Investment \$4,995/\$8,995. Financing available.

**ISLAND AUTOMATED MEDICAL SERVICES, INC.**

(800) 322-1139 EXT.175

## BUSINESS OPPORTUNITIES

### DIRECTOR OF SALES/MARKETING

3 things to guarantee your employees success.

"Simple Selling"

Call for free information kit 1-877-999 Thomas

### \$600/DAY FROM YOUR HOME

Generating Leads For Our Company! No Phone Work or Sales! It's Easy So Call 800-953-9768 X 416

### MAKE \$5,000 - \$10,000+/MONTH FROM HOME

Sending faxes to physicians. Profitable home business.

Recorded Message (800) 356-8232 FREE REPORT!

LET THE GOVERNMENT START YOUR BUSINESS. Bonus: Free business incorporation. Free check software. 202-298-0526. <http://www.capitalpublications.com>

### CASH!

HOLDING A MORTGAGE ON PROPERTY YOU SOLD?  
SELL FOR CASH! NATIONWIDE 1-800-862-2744

GET YOUR FREE COPY! Kevin Lehmann's new MLM report "7 Steps to Overcoming Even The Toughest Objections." Close like the pros. 1-800-656-6397, Ext. 198.

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$800,000.00. Free recorded message: 707-449-8600. (HS2)

### \*\*\* OWN YOUR OWN BUSINESS\*\*\*

ALL TYPES, SIZES AND PRICES, SOME WITH TERMS  
A.B.C. 719-540-2200 OR [WWW.BIZSALE.COM](http://WWW.BIZSALE.COM)

AFTER RESEARCHING HUNDREDS OF OPPORTUNITIES, famous financial advisor Robert Allen shares FREE advice on starting The Ideal Home Business. 1-800-499-0179.

EARN \$2,000 MONTHLY SPARE TIME. Unique proven program. No selling, no investment. Free Details: Write Dozer, 1305 Krameria St., Ste. 162, Denver, CO 80220.

### BUY FORECLOSED AND DISTRESSED PROPERTY

Use OUR Money. Split Profits. Complete Training

Free info. 1-800-331-4555, Ext. 5035

1999 Franchise Annual Directory fully describes 4,177 businesses. Completely updated. Tells how to investigate franchisors. 30th year. \$39.95 inclusive. Visa/MC. Moneyback guarantee. INFO: 1-888-806-2665.

EARN Substantial weekly income passing out company's marketing info. All inventories, orders, customer service, payment & delivery handled by our staff. 1-888-805-6175.

### I MADE OVER \$1,000,000 LAST YEAR

In a zero stress, relaxed, ideal lifestyle, home-based business. Now I want to teach 2 people in select markets my simple "turn-key" system. Call my 24-hr HOTLINE (800) 965-1552.

Reach more than  
**850,000 subscribers**  
with your ad in  
**Nation's Business**  
**Classifieds**  
Call **1-800-424-6746**  
for more information



**BUSINESS OPPORTUNITIES**

**CAPITALIZE ON CRIME!** Earn amazing profits on full line of crime prevention products that sell like crazy! Free wholesale catalog. 800-735-1797, POB 10154, #NB, Yakima, WA 98909.

**MEDICAL BILLING A+**

Exciting potential! Free report by industry leader explains superior software, training, support & client acquisition info. From \$4995. Call to qualify for a free computer/printer NCS 800/207-3711 ext. 370.

**LANDSCAPE CONSTRUCTION & MAINTENANCE CO.** Well established 15 year company in the Boston, MA area. \$2.5M to \$2.9M volume annual. Past 3 years profits have been in the six digit figures. Company breakdown, 70% construction, 20% maintenance and 10% snow operations. Well run organization & well maintained fleet. The 1999 back log exceeds \$1M to date. Mail responses of interest with name & financial background to: Corporate Ventures, 271 Canton St., Stoughton, MA 02072.

**BUSINESS SERVICES**

9.9¢ Long Distance Service \*9.9¢ Toll Free Plan  
14.9¢ Calling Card \* No monthly fees, no minimums, no surcharge, or term contracts. All rates 24 hours a day, six second billing! Residential or Business Services. Services provided through American Telecom Network. Order Today! 1-888-788-5258 - 8am-4pm MST.

**\*\*LONG DISTANCE 7.3¢ USA 1+/800#S/CARDS!!\*\***  
6sec/24hrs-Top Quality-LOW Int'l: Canada/UK 8¢; Germany/France/Australia 15¢; Japan 22¢. 888-489-6288/510-489-8888

**INCORPORATE ALL 50 STATES.** Personalized Corporate Documents Low Price Guarantee. Elite Business Formations. Call 888-866-7161. [www.IncService.com](http://www.IncService.com)

**NATIONAL TELEVISION MARKETING.** Increase product sales & awareness through natl. TV mktg. Affordable turnkey. Joint venture & potential export opportunities avail. 800-215-9987.

**BIDS...BIDS...BIDS...BIDS!!!!**

Get More State & Local Bids from the World's Largest Source - BidNet. Call 800-677-1997 or visit us at [www.bidnet.com](http://www.bidnet.com)

**INCORPORATE YOUR BUSINESS****Incorporate by Fax, Phone or the Internet!**

- ✓ Guaranteed lowest prices
- ✓ All 50 states and off-shore
- ✓ Free name searches
- ✓ No legal fees

For FREE information, call Business Filings, Inc. toll-free at (800) 981-7183 or incorporate on the Internet at [www.bizfilings.com](http://www.bizfilings.com)

**BUSINESS SOFTWARE****NEED A BUSINESS PLAN?**

Crunched for time? Write a professional plan today with Adarus Business Plan for just \$60. Easy to use step by step wizards! Consulting available. Call 888-933-8797 for info. Visit us at [www.adarus.com](http://www.adarus.com) for a FREE demo.

## MAIL ORDERS PHONE ORDERS WEB ORDERS

Order entry, credit card processing, shipping, A/R, A/P, contact management with integrated internet e-mail options, inventory management, reporting, list management and mailing—M.O.M. gives you everything you need for order taking by phone, mail even the World Wide Web in one simple easy-to-use and affordable Windows program. The #1 selling software solution for direct marketers worldwide!

Call today for your free brochure or to order our complete demo kit.

1-800-858-3666

**MailOrderManager**

Dynacom Corp. 150 River Road, Suite N-1, Monmouth, NJ 07045 [www.dynacom.com](http://www.dynacom.com)

**BUSINESS SOFTWARE**

**AUTOMATE YOUR BUSINESS** with the MicroBiz Business Controller. It's an easy to use point of sale package for Windows 95 or NT. Y2K compliant. Call for a FREE catalog: 800-894-6789 or visit us on the web at: [www.microbiz.com](http://www.microbiz.com)

**WESTWAY SOFTWARE SYSTEMS****DISTRIBUTION SOFTWARE**

INVOICING...STATEMENTS...INVENTORY CONTROL  
PURCHASING...ACCOUNTS RECEIVABLE...AUTOMATIC  
PRICING...CUSTOMER HISTORY...AND MUCH MORE!  
TRY IT FOR 2 MONTHS - FREE  
CALL 1-800-594-1144 FOR FREE DEMO DISK

**BUY IT WHOLESALE**

**FACTORY DIRECT:** 1000'S Products, ASIA, PHILIPPINES, MEXICO. Below Wholesale. Save to 900%... Cutting, Box 750-BG, Cape Coral, FL 33910.

Buy 39,457 PRODUCTS, DIRECT from FACTORIES in: Taiwan, HKong, Philippines, Mexico!...Save 500% - 900%!! Echomark, Box 739-NB39, Shalimar, FL 32579-0739 USA

**YOUR COMPANY LOGO IN BRASS**

Impressive wall logos of brass, chrome, or other cost effective finishes. Free estimates. METAL LOGOS, INC. 800-846-LOGO(5646) FAX: 402-339-2311

**CARPET**

1-800-545-5815, TC CARPET BROKERS. Shop no more, the deal you want, we've got. All name brand carpets - vinyl - hardwood. Free samples on the hottest Dupont Stainmaster( Nylons. 80% savings.

CARPET Save up to 50% & more on major brands. We also manufacture our own beautiful styles. For information & samples, call 1-800-848-7747, Ext. 45, Dalton, Georgia.

CARPET, VINYL, WOOD. FOR 25 YEARS THE TOP BRANDS. THE LOWEST PRICES. CHURCH, HOME OR OFFICE WEST CARPET INDUSTRIES, DALTON, GA 800-247-3707.

**COMPUTER HARDWARE**

Bar Code Readers, bar code printers, labels, ribbons, cash drawers, receipt printers, data collectors, point-of-sale hardware and software and more! Visit [www.barcode.com](http://www.barcode.com)

**EDUCATION**

**LEARN** Small Business Management at home. Free information. Call 1-800-326-9221 or write Lifetime Career Schools, Dept. YN0939, 101 Harrison Street, Archbald, PA 18403.

**PARALEGAL GRADED CURRICULUM.** Approved home study. Most affordable & comprehensive. 100 yrs. of legal training. FREE CATALOG. 1-800-826-9228. BLACKSTONE SCHOOL OF LAW, PO Box 701449, Dept. NB, Dallas, TX 75370.

**GET A DEGREE THAT COUNTS.** Distance learning BS, BBA, MS, MBA, MHA, MPA degrees. Programs in business, criminal justice, sports & health administration. Free catalog. 1-800-859-7038 or 504-201-0111. BIENVILLE UNIVERSITY.

**EARN YOUR BACHELOR'S, MASTER'S AND/OR DOCTORAL** degree by distance learning. No residency required. Southwest University, 2200 Veterans Blvd., Kenner LA 70062. (800) 433-5923 Fax 504-468-3213.

**Washington International University**

No classroom attendance.  
Accelerated.  
Degree programs based on work experience.

**BUSINESS - ENGINEERING - ARTS**

[www.washintf.edu](http://www.washintf.edu)  
PO BOX 11138 • Bryn Mawr, PA 19010  
Fax: 610-527-1008 • [washuniv@op.net](mailto:washuniv@op.net)



## Put Your Business In A Different Class

**F**eature your business, products and services—even business opportunities—in the Nation's Business classifieds.

Call Marla Scher for information about Nation's Business demographics and advertising rates.

**1-800-424-6746**

**Nation'sBusiness**  
The Small Business Adviser



## EDUCATION

### A QUALITY ALTERNATIVE

Columbia Southern University/Licensed Bachelor & Masters Program in Business & Health Administration, HRM, Computer Science, Criminal Justice, Environmental Mgt. & Occupational Safety & Health. Free Catalogue 1-800-977-8449 Ext. 997, Orange Beach, AL 36651.

## EQUIPMENT FINANCING

EQUIPMENT LEASES up to \$100,000. Application Only. 24hr. approvals. First Credit Corp. Call Brian at 1-800-326-4188, Ext. 3. FAX: 850-479-3891. We Welcome Your Business. [www.firstcredit.com](http://www.firstcredit.com)

ADVANCED CAPITAL LEASING "We are a direct funding source for your equipment leasing needs. \$2-\$75K. For great service call Bill at 1-801-532-7371. [www.acleasing.com](http://www.acleasing.com)

PHONE-A-LEASE: \$5K-\$150,000 "No Financials Required" (Bigger Leases, No Problem!!) 4 Hour Approvals Computers \* Phone Systems \* Voice Mail \* Trucks \* Cars \* Recycling Ept \* Construction Equipment \* Adirondack Leasing 800-678-7342, Fax 518-463-0144.

## FRANCHISE OPPORTUNITIES/SERVICES

### FRANCHISE YOUR BUSINESS

With the leading consulting firm in the country. McGROW CONSULTING (800) 358-8011.

### GINGISS FORMALWEAR

With over 240 locations, we are the Leader in our industry. Low initial fees, complete training & a clean store environment. Call 1-800-621-7125 for info.

### FRANCHISE YOUR BUSINESS

Complete development including franchise sales services. Capital avail for qualified co. Call the franchise experts FRANCHISE CAPITAL 800-795-2856 or 828-743-1000

## LEGAL SERVICES

DON'T BE SUED BY YOUR EMPLOYEE. New program STOPS employee lawsuits. Upheld by US Supreme Court. Free info. 334-660-2060 or [www.modelprogram.com](http://www.modelprogram.com)

REGISTERED PATENT ATTORNEYS in Jackson Hole, WY provide quality patent & trademark services for individuals & companies nationwide via mail at affordable fixed fees. Flanagan & Flanagan: 307-739-1128/Fax 307-739-1130 for free info. about services.

## MAIL ORDER

Direct market to the World Or Sell to Catalogs! Nat'l Mail Order Association can help you succeed! FREE Newsletter 612-788-1673. [www.nmoa.org](http://www.nmoa.org)

## MARKETING

LOGO/PERSONALIZED GOLF BALLS  
Titleist, Top-Flite, Ultra, Pinnacle and Others  
For a Brochure Call 1-888-432-2557

PLASTIC CARDS for customer loyalty and gift cards, discounts, membership - all types at competitive prices. Thick/Thin, embossed, Mag Stripe, Bar code, Laser printable, smart cards, fulfillment services. Call/fax for samples and ideas. Card/Form Services 800-824-1821 FAX 630-691-0576. E-MAIL: [CARDFORMS@AOL.COM](mailto:CARDFORMS@AOL.COM)

## PUBLICATION SERVICES

WANT MORE PIZAZZ IN YOUR PUBLICATION, more effective content? Visible Ink Consulting will analyze your magazines, newspapers, & corporate communications and show you how to improve them - without adding personnel or technology. E-mail: [taylorbc@gnt.net](mailto:taylorbc@gnt.net) or call 850-231-0961.

## REAL ESTATE

NATIONWIDE RELOCATION SERVICES-Specializing in the Phoenix/Scottsdale area. I make it easy to buy or sell your home, vacant land, 1031 exchanges. Call Alan toll free 1-877-465-8877 (ERA ENCORE REALTY 623-780-4006)

## SECURITY

THE CD-ID EMBOSSER is a quick & easy method of proving ownership of a compact disk. Personalize each disk with their own identifying mark. For information call 1-800-537-3889.

## TIMESHARES

TIMESHARING TODAY MAGAZINE. For owners, buyers, sellers. Resort reviews, informative articles, investigative reports, 100s of classified ads. \$18 for 12 issues + FREE resort ratings book. 888-463-7427 [www.timesharing-today.com](http://www.timesharing-today.com)

## TRAVEL SERVICES

COMPANIES SAVE BIG ON TRAVEL. Gain control over your corporate travel expenses. Save big money each month by becoming your own travel agent. Call us for the details. TRAVELER'S CHOICE ASSOCIATES 800-446-0096.

### TRANS AMERICAN TRAVEL THE TRAVEL AGENCY CORPORATION OF THE FUTURE

Absolutely the **Cheapest** Airfare Provider.  
Domestic And International Tickets  
Discounted First And Business Class • Volume Discounts  
Upgrades For Preferred Customers • Car Rentals

### TRANS AMERICAN TRAVEL

25 WEST 45TH ST. - SUITE 1409 - NEW YORK, NY 10036  
[WWW.TRANSAMTRAVEL.COM](http://WWW.TRANSAMTRAVEL.COM)  
TEL: 888-553-9292 / 212 869-0230  
FAX: 212-869-0196

## OF SPECIAL INTEREST

### ARE YOU SITTING ON A GOLD MINE?

#### Franchise it.

CALL 1-800-372-6244

And find out if franchising is the best way to grow your business. Talk to us first. Because nobody has franchised more businesses than Francorp.

The leader in franchise development and consulting. Worldwide. **francorp** NB

## INTERNET SERVICES

HAVING THE RIGHT INTERNET NAME CAN EXPAND YOUR BUSINESS. Domain names for sale or lease for business, financial & trading. Contact us at 516-674-0887 or [www.NamesToOwn.com](http://www.NamesToOwn.com)

MAKE MONEY WITH YOUR WEBSITE! We pay to advertise on your site (no porn). Market your e-mail lists! Website/custom software development. 406-821-4519 [www.corporateculture.com](http://www.corporateculture.com) [huggans@netbox.com](mailto:huggans@netbox.com)

## INVENTIONS

INVENTORS - FREE INFORMATION PACKAGE. For development and patent assistance on your product idea, call Davison: 1-800-677-6382. Proven Design Results.

## LEGAL SERVICES

TRADEMARK SEARCHES \$150.  
Application Preparation \$350  
Located near US Patent & Trademark Office.  
Attorney Jay Horowitz: (800) 304-8266  
[www.trademarks-r-us.com](http://www.trademarks-r-us.com)

### Legal HMO

2700+ Top Law Firms, Nationwide Coverage  
[www.smartbenefits.net](http://www.smartbenefits.net) FAX 770-592-6754

TRADEMARK REGISTRATIONS by Attorneys  
Fixed Rates - Lowest Prices Guaranteed  
1-800-67-TRADEMARK

The Right Move...

Get in **TOTAL COMPLIANCE** with the latest Supreme Court's decision regarding harassment!\*

**HARASSMENT HOTLINE®**

(949) 643-8489

[www.end-harassment.com](http://www.end-harassment.com)

\* See articles in the December 1998 issue of Nation's Business for detail.



# Editorial

## A Chart To Keep The Economy Growing

**“W**ill government let business create new jobs, invent new products, and open new markets, or will it strangle us with higher taxes, more lawsuits, and increased regulations?”

The answer to that question will determine whether the longest peacetime economic expansion in U.S. history will extend into the new century or be terminated by the government policies that continue to threaten it.

The query was posed by Thomas J. Donohue, president and CEO of the U.S. Chamber of Commerce, as he submitted his organization's National Business Agenda to members of Congress in January.

Noting the prolonged economic boom that has resulted from the ingenuity and commitment of American business, Donohue commented that “passing this pro-business agenda is the key to sustaining” the soaring growth the nation has enjoyed.

The legislative recommendations, he noted, were shaped by the views of the Chamber's member companies and by the deliberations of the organization's policy committees and board.

On the key question of tax relief, Donohue said, “Putting more money in the hands of the businesses and workers who earned it, so that they can save, invest, and spend, is the surest way to keep the longest economic expansion in American history rolling on into the new century.”

The National Business Agenda commits the Chamber to these actions in other key areas:

**Trade:** Fight growing American isolationism.

**Social Security and entitlement reform:** Seek sensible fixes to entitlements while rejecting further payroll-tax increases and embracing new ideas such as partial privatization.

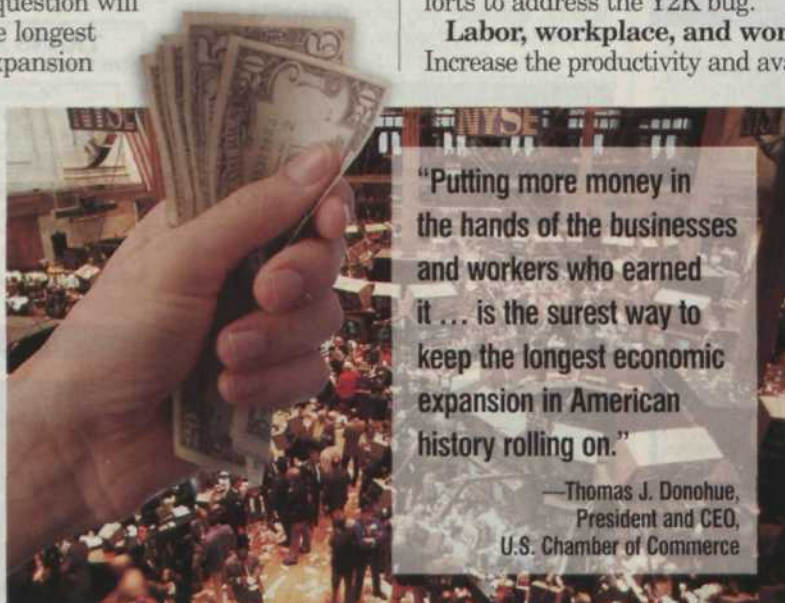
**Legal reform and year 2000 legislation:** Continue to push for wider curbs—including class-action reforms—on wasteful and expensive litigation; provide liability protection to businesses that make good-faith efforts to address the Y2K bug.

**Labor, workplace, and work-force issues:** Increase the productivity and availability of workers and

oppose labor-backed issues such as another increase in the minimum wage and more-punitive regulation under the Occupational Safety and Health Act.

**Environment:** Oppose unproven regulatory schemes that would end up shipping jobs overseas.

**Health care:** Strongly support market-based approaches to health-care reform.



“Putting more money in the hands of the businesses and workers who earned it ... is the surest way to keep the longest economic expansion in American history rolling on.”

—Thomas J. Donohue,  
President and CEO,  
U.S. Chamber of Commerce

This Congress—the 106th—has received other suggestions from other sources on the policies it should adopt over its two-year term. Many of those suggestions conflict in varying degrees with the National Business Agenda.

President Clinton's 1999 legislative proposals, as outlined in his State of the Union address, include some welcome suggestions for overhauling entitlement programs, expanding trade, improving national defense, and meeting the Y2K challenge.

On the other hand, the economy would suffer seriously from implementation of his ideas in areas such as tax policy, spending increases, government-oriented approaches to improved health care, a higher minimum wage, environmental policies that would hamper economic growth, and increased regulation in general. His timid approach to tax relief is particularly troublesome.

The choices facing Congress involve not only specific legislative proposals but also fundamental decisions on how to extend the spectacular economic growth of the late 20th century into the 21st. The National Business Agenda provides a chart to that goal.





It's America's favorite car.\*

Simple logic dictates that if you choose the right fleet car, you're going to look pretty smart. So imagine the praise

Your company is in America.

you'll receive when you give employees a Camry. The car everyone loves to drive. And with low maintenance costs,

You figure it out.

one that will impress the bean counters as well. After all, you can't go wrong when you play the favorites.



Camry ♦ Fleet

TOYOTA | everyday

1-800-GO-TOYOTA ♦ [www.toyota.com](http://www.toyota.com)

©1998 Toyota Motor Sales, U.S.A., Inc. Buckle Up! Do it for those who love you. \*Based on R.L. Polk 1997 total passenger car registrations.



# UNLIMITED TIME OFFER!

Leading computer brand names at certified  
wholesale prices. Everyday. No gimmicks. No loss  
leaders. No markups. Your computer is here. At cost.



**Smart. Deals. Online.**

**[www.onsale.com](http://www.onsale.com)**

AOL Keyword: Onsale



# THE BUSINESS ADVOCATE

SUPPLEMENT TO **Nation'sBusiness** MARCH 1999

THE NEWSLETTER FOR U.S. CHAMBER MEMBERS  
[www.uschamber.org](http://www.uschamber.org)

## WHAT'S HOT

### Fellowship Program



The Chamber has a new fellowship program that will bring in experts in a range of fields to offer advice and counsel to the organization. Three high-profile fellows were named recently. Find out who they are on Page 3A.

### Year 2000 Problem



The Chamber is helping to lead a coalition of more than 90 organizations that is urging Congress to quickly approve legislation to limit the liability that businesses could face because of their year 2000 computer problems. Details, Page 7A.

### Social Security Reform



With the country's Social Security system creeping toward insolvency, the Chamber says it's time to consider a partial privatization of the federal retirement program. Details, Page 3A.

### Regional Meetings Set



One-day meetings to gain input from and share information with U.S. Chamber members will be held in four locations around the country starting in early March. See Page 5A for the dates and cities nearest you.

## Chamber Sets Agenda Two-Year Plan Sent To Congress

The new two-year legislative agenda of the U.S. Chamber of Commerce includes among its top priorities reducing the nation's tax burden, stopping frivolous lawsuits, and bolstering entitlement programs without raising payroll taxes.

Other high priorities are fighting for reasonable workplace rules and fair trade laws. In all, the 1999-2000 National Business Agenda contains 56 policy priorities.

The Chamber recently presented its agenda to every mem-

ber of the 106th Congress.

"The spectacular performance of American business over the past several years has been central to our nation's extended prosperity," says Thomas J. Donohue, the Chamber's president and CEO. "Passing this pro-business agenda is the key to sustaining this powerful engine of economic growth."

The agenda was shaped in part through the Chamber's biennial mem-

*Continued On Page 7A*



## Business Tax Relief Urged

Any tax proposals advanced in Congress should include cutting or reforming business taxes, the U.S. Chamber is telling lawmakers.

Bills that would cut income-tax rates across the board have been introduced in both houses of Congress. The Chamber supports the concept behind those measures, but it is urging lawmakers to also adopt business-tax relief as well.

Most of the pending proposals would be paid for by using part of the federal budget surpluses projected for the next 10 years. The Congressional Budget Office estimates a surplus of more than \$2.56 trillion

from fiscal 2000 to 2009. (See the chart on Page 2A.)

Despite the surpluses, which are largely the result of larger-than-expected tax revenues, President Clinton's fiscal 2000 budget requests a net tax increase of \$46 billion over five years.

The president is asking for \$36 billion in targeted tax cuts and billions of dollars in new spending. His budget would increase taxes by \$82 billion through raising the tax on cigarettes and by eliminating certain tax advantages available to some businesses.

"A budget that should have

*Continued On Page 2A*







# Chamber Backs Cuts

Continued From Page 1A

major tax cuts instead has tax increases," says Bruce Josten, the Chamber's executive vice president for government affairs. He says that "businesses and entrepreneurs created the [budget] surplus, and the administration is determined to spend it."

The Chamber is calling on lawmakers to use some of the surplus for tax reforms that benefit business. Here's a summary:

## Estate And Gift Tax

The Chamber is supporting legislation that would phase out the estate and gift tax over the next 10 years.

The tax is imposed on the value of an estate—upon its transfer to an individual's heirs—above a certain lifetime exemption. The

exemption for 1999 is \$650,000; it is scheduled to rise in steps to \$1 million by 2006.

The amount above the exemption is taxed beginning at 18 percent. The tax rate is 55 percent on transfers valued at \$3 million or more; transfers of \$10 million to \$21 million are subject to an additional 5 percent surtax.

Measures pending in Congress would reduce the tax rates by five percentage points each year through 2010.

## Tax Credits

The Chamber wants a number of business tax credits extended, including the research-and-experimentation, welfare-to-work, and work-opportunity credits.

The three credits expire June 30.

The Chamber wants them to be extended permanently.

## Alternative Minimum Tax

Repeal of the alternative minimum tax for individuals and businesses is also among the Chamber's goals.

The AMT rule requires that taxes be calculated without certain deductions and other tax treatments that lower the amount of taxable income.

## Capital-Gains Tax

The Chamber is urging further reduction in, and eventual elimination of, the capital-gains tax.

The tax rate for individuals on short-term capital gains is as high as 28 percent; on long-term gains it's as high as 20 percent. The rate for businesses on all

capital gains is 35 percent.

## Other Tax Reforms

The Chamber also is pressing for measures to:

- Accelerate the timetable for allowing the self-employed to deduct 100 percent of their health-insurance costs. The deduction, which is 60 percent for 1999, is set to rise gradually to 100 percent by 2003. The Chamber wants the deduction raised to 100 percent immediately.

- Reform the rules related to forming and maintaining S corporations.

- Simplify rules for starting and maintaining pension plans to help expand coverage to employees of small businesses.

# New OSHA Rules Would Be Costly

New workplace regulations being considered by the Occupational Safety and Health Administration would be costly and expose businesses to unlimited liability, says the U.S. Chamber.

The business federation is fighting two OSHA proposals. One would require companies to establish written safety and health plans and to "identify and assess hazards to which employees are exposed and assess compliance with ... OSHA standards."

The other would require firms to protect workers from repetitive-motion injuries, which OSHA claims are caused by ergonomic hazards in the workplace.

The Chamber is part of coalitions opposed to the draft standards on safety and health programs and on ergonomics.

Under current OSHA rules, employers face fines if they don't comply with specific standards on "significant" workplace hazards, such as working in confined spaces, and with a General Duty Clause, which requires employers to maintain a safe and healthful workplace and to correct "recognized" hazards, such as water on a factory floor.

The proposed standard on safety and health programs would allow OSHA to fine employees for failing to address all conceivable hazards, not just those covered by a specific standard or those "recognized" and easily corrected.

Such a broad standard, says the Chamber, also would allow OSHA to enforce new hazard-specific standards without their being subject to a regulatory-review process.

The ergonomics rule being considered by OSHA would require companies to redesign their workplaces and jobs to minimize the potential effects of repetitive motions. OSHA says that such work activities are causing repetitive-stress injuries, including carpal tunnel syndrome and tendinitis.

## Projected Surpluses

(Projected Amounts For Each Fiscal Year, In Billions)



SOURCE: CONGRESSIONAL BUDGET OFFICE



## High-Profile Experts To Advise Chamber

The U.S. Chamber has instituted a new fellowship program that will bring in experts in a range of fields to offer advice, expertise, and counsel to the organization.

In late January, Chamber President and CEO Thomas J. Donohue announced the program's first participants: former U.S. Transportation Secretary Andrew H. Card Jr., former White House press secretary Michael D. McCurry, and Dr. Marcia Comstock, who most recently served as corporate medical director for Conrail.

"These three talented people will offer the U.S. Chamber and American business a broad range of knowledge and experience," says Donohue. "With their skills and contacts, they will broaden the intellectual and political reach

of the Chamber and help us advance the business agenda on many fronts."

Card, who most recently was president and CEO of the Washington, D.C.-based American Automobile Manufacturers Association, served as transportation secretary under President Bush. Card will be a fellow for

public policy and politics.

McCurry, who will be fellow for public policy and international affairs, was President Clinton's spokesman from 1995 to 1998. Before that he worked at the U.S. State Department.

A leading consultant in occupational medicine, Comstock will be a fellow for health-care policy and workplace issues.

Among their duties with the Chamber, the fellows will consult with

Chamber staff members and the organization's policy committees, testify before Congress and special commissions, and take around the United States and the world the Chamber's message about the issues facing American business.

Two additional fellows, one for technology and one for national security, are expected to be named soon.



PHOTO: ©TOSHIFUMI KITAMURA-APF



PHOTO: ©LUKE FRANZA-APF

New fellows who will provide policy expertise and advice to the Chamber are Andrew H. Card Jr., left, Michael D. McCurry, and Dr. Marcia Comstock.



PHOTO: ©SAL DIMARCO—BLACK STAR

## Partial Privatization Of Social Security Urged

Calling on lawmakers and President Clinton to enhance the Social Security system, the U.S. Chamber is encouraging partial privatization of the federal retirement program.

In a Feb. 4 speech to the American Association of Retired Persons, Chamber President and CEO Thomas J. Donohue said, "We must develop a private investment component and encourage more savings by individuals—not to replace Social Security but to enhance it."

Donohue urged "creative approaches" to ensure retirement security for current and future generations.

The Social Security trust fund is expected to begin paying out more than it takes in starting in 2013, and the fund is projected to be broke by about 2032.

Currently, the Social Security tax is

12.4 percent (equally divided between employer and employee) on income up to \$72,600 per worker. The 12.4 percent

rate has been constant since 1990, while the earnings subject to the tax have been rising by \$3,000 to \$4,000 annually.

Although it has not yet taken a position on a specific bill, the Chamber is strongly opposed to raising the Social Security tax as a way to fix the system. The payroll tax has been increased 22 times in the past 30 years, the Chamber notes.

The business federation also opposes a plan recently put forward by the Clinton administration to have the government invest part of the Social Security trust fund in the stock market.

The Chamber has made saving Social Security one of its top legislative priorities for 1999. Last year, the organization's public-policy affiliate, the National Chamber Foundation, hosted two conferences on reform of the system.

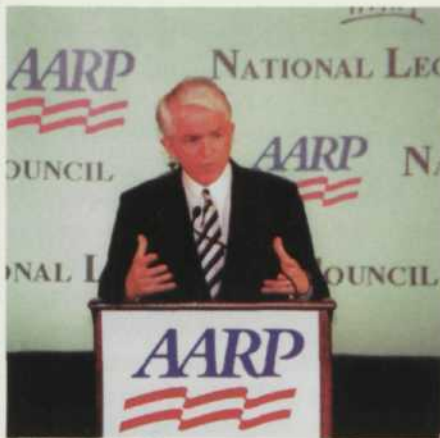


PHOTO: LAURENCE L. LEVIN

U.S. Chamber President and CEO Thomas J. Donohue calls for partial privatization of Social Security at a recent AARP meeting.



## Fast Action On Trade Urged

**T**he U.S. Chamber is pushing Congress for a vote early in the year on fast-track trade-negotiating legislation.

A bill has yet to be introduced, but lawmakers are discussing the issue, and legislation is expected to be proposed in the coming weeks.

Fast-track authority would allow the president to negotiate with other countries on trade agreements that would be subject only to up-or-down votes of Congress. Such pacts could not be amended.

In September, the House defeated on a vote of 243-180 a bill to grant the president such authority.

The Chamber is eager for Congress to vote early in the session because it views fast-track authority as vital to

creating trade opportunities for its members and to expanding U.S. economic growth.



The Chamber believes that fast-track authority is important because most countries will not enter into trade talks with the United States unless they are certain that agreements will not be changed by Congress.

Congress first approved fast-track authority in 1974 for President Ford. Similar measures have been in effect for every president since that time.

The most recent

fast-track authority expired in 1993.

*Call your representative and senators immediately at (202) 225-3121 to urge them to support fast-track trade-negotiating legislation.*

## Call Senators About Mandates

**W**ith federal rules costing the private sector more than \$700 billion annually, the U.S. Chamber is mounting a concerted effort to win passage of a bill that would ensure that lawmakers had more accurate information on cost projections before enacting legislation calling for new rules.

The Chamber got a step closer to its goal when the House passed, 274-149, the Mandates Information Act in early February. The business federation is now urging the Senate to take up the legislation.

The measure would give lawmakers better information about the costs and consequences to the private sector of proposed federal laws and regulations.

It would require the Congressional Budget Office (CBO) to estimate the impact of all bills' private-sector mandates on consumer prices, on workers' wages and employment opportunities, and on small-business hiring, expansion, and profitability.

It would allow a single lawmaker, through use of a point-of-order motion, to stop consideration of any bill with a provision or amendment that would cost the private sector \$100 million or more annually, as determined by the CBO analysis. Any bill that was not accompanied by the CBO analysis could be stopped the same way.

If any provision exceeding the \$100 million threshold were added to legislation during a conference committee, the measure would again be subject to a point-of-order motion. Conference panels are formed to work out differences between competing bills passed by the House and Senate.

A majority vote of the House or Senate would be required to waive a point-of-order motion and to continue consideration of a bill.

*Call your senators at (202) 224-3121 and ask them to support the Mandates Information Act.*

## Regulators Taken To Task



**R**andy Johnson, U.S. Chamber vice president for labor policy, told the Equal Employment Opportunity Commission in recent testimony that small firms find it difficult to comply with numerous federal workplace regulations, many of which are complex. That, he said, makes small companies easy targets for lawsuits.

"It may be virtually impossible for many small businesses to be in compliance with all the laws, in all their complexities, vagueness, and nuances, despite their best efforts," said Johnson.





## Senate Agenda



PHOTO: T. MICHAEL KEZA

Senate Majority Leader Trent Lott, R-Miss., told business leaders at the U.S. Chamber recently that cutting taxes, saving Social Security, passing fast-track trade-negotiating legislation, and reforming education would be among Senate Republicans' top priorities in 1999.



## FACT FILE

U.S. businesses employed more than 129 million people in 1997. That number represented 95 percent of the civilian labor force of people 16 or older.

—U.S. Bureau of Labor Statistics

In 1995—the latest year for which data are available—there were 5.4 million employers in the United States operating more than 6.6 million businesses. Nearly half of those businesses, 3.2 million, were in retail trade or the service sector.

—U.S. Census Bureau

Small businesses—which include firms with 500 or fewer workers, according to the U.S. Small Business Administration—employ 53 percent of the private nonfarm work force and account for 51 percent of the private-sector output.

—U.S. Small Business Administration

More than \$144.6 billion was spent on industrial research and development in 1996. Of that amount, 84 percent—or \$121 billion—was paid by companies.

—National Science Foundation

## Firms' Economic Confidence Rebounds, Chamber Poll Finds

The Business Confidence Index—based on the latest Business Ballot poll of U.S. Chamber members, conducted in December—rose after three straight periods of decline.

The index increased to 50.0 for December after falling to 46.7 in October, its lowest level since October 1993, when the index was 46.4.

In the latest poll, however, the respondents who said they believed that the economy is headed down over the next six months outnumbered by more than 2-to-1 those who believed it is headed up.

Respondents gave a six-month outlook for their firms' sales and employment levels and expressed their views on issues of concern. Following are the complete results of the poll:

### ■ What is the six-month outlook for your firm's sales?

Up .....	37.4%
Down .....	22.8%
No change .....	39.8%

### ■ What is the six-month outlook for your firm's employment?

Up .....	21.9%
Down .....	13.7%

No change .....	64.4%
-----------------	-------

### ■ Where do you think the economy is headed over the next six months?

Up .....	19.0%
Down .....	42.1%
No change .....	38.9%

### ■ How has the Clinton-Lewinsky scandal changed your opinion of policy-makers and lawmakers in Washington?

Not at all .....	24.8%
Lowered my opinion .....	74.2%
My opinion has risen for unrelated reasons .....	1.0%

### ■ Do you believe the desire of Congress to make fiscally responsible decisions changed over the past year?

No, it stayed the same .....	42.9%
Yes, it strengthened .....	10.5%
Yes, it weakened .....	46.6%

### ■ Has your interest in the policy-related actions of Congress, federal agencies, and the Clinton administration changed over the past year?

No, it stayed the same .....	45.4%
Yes, it increased .....	29.7%
Yes, it decreased .....	24.9%

## Meetings For Members Set

To garner more input from its members throughout the country, the U.S. Chamber will hold a series of one-day regional meetings this spring.

The meetings are set for March 9 in Las Vegas, April 8 in Dallas, April 22 in Chicago, and May 4 in Atlanta.

The agendas will allow business leaders to share information and strategies on important business issues, to discuss the issues shaping today's legislative and political landscapes, and to exchange ideas on existing and proposed Chamber programs and services.

Each meeting will feature remarks from William G. Little, the U.S. Chamber's 1998-99 chairman, Vice Chairman Will F. Nicholson Jr., and Chamber President and CEO Thomas J. Donohue. Polling firms and demographers will give presentations, and discussions will be held on topics such as formulating and implementing grass-roots strategies and dealing with international issues.

For more information about the meetings, visit the Chamber's site on the World Wide Web at [www.uschamber.org](http://www.uschamber.org) or call (202) 463-5580.





# Business Bills Pending In New Congress

The U.S. Chamber is closely watching a number of bills introduced in the 106th Congress that could affect businesses. Here's a partial run-down:

## ▲ Paperwork Assistance

The Chamber is supporting House legislation (H.R. 391) that would require federal agencies to offer compliance assistance to small businesses rather than impose fines for most first-time minor violations related to government paperwork requirements.

The bill also would require the White House Office of Management and Budget to publish annually a list of federal paperwork requirements, and it would require each agency to establish a liaison to help businesses with questions about federal forms.

An identical measure was approved by the House last year by a vote of 267-140; the Senate did not consider a similar bill.

## ▲ Regulatory Accounting

The Chamber is backing a Senate measure (S. 59) that would require the federal government to report annually to the public the costs and benefits of regulations.

The bill directs the White House Office of Management and Budget to send a regulatory accounting statement to Congress beginning in February 2001. In addition to an estimate of the annual costs and benefits of federal rules, the OMB would have to provide an analysis of the direct and indirect impacts of federal regulations on federal, state, local, and tribal governments, on the private sector, on small businesses, on wages, and on economic growth.

Recommendations for reforming inefficient or ineffective federal rules also would be required in the report.

## ▼ Minimum-Wage Increase

The Chamber is opposing bills in the House and Senate (H.R. 325 and S. 192) that would raise the federal minimum wage.

The identical measures would raise the wage floor to \$6.15 an hour from the current minimum of \$5.15 in two steps. The wage would increase to \$5.65 on Sept. 1, 1999, and to \$6.15 on Sept. 1, 2000.

An attempt last year to attach a similar proposal to a bankruptcy bill pending in the Senate failed on a vote of 55-45.

The Chamber opposes raising the minimum wage, saying such increases lead to wage inflation and reduce job opportunities.

## ▼ Equal-Pay Expansion

The Chamber is opposing a Senate bill (S. 74) that would allow unlimited punitive and compensatory damages in wage-discrimination cases.

Currently, under Title VII of the Civil Rights Act of 1964, remedies for sex discrimination in employment—including claims of unequal pay based on

gender—include punitive and compensatory damages of \$50,000 to \$300,000, depending on the size of the company. Lost back pay and attorneys' fees also can be collected.

The Chamber says that the existing remedies, which were added to the '64 act in 1991, are adequate and that allowing unlimited damages would lead to an increase in litigation costs and in the number of employment-discrimination cases.

## ▲ OSHA Reform

In an effort to help employers comply with workplace safety and health regulations, the Chamber is supporting a Senate bill (S. 385) that would allow firms to use consultants certified by the Occupational Safety and Health Administration to conduct safety and health audits of their businesses.

Under the measure, businesses that used OSHA-certified inspectors and corrected any problems identified during an audit would be exempt from OSHA civil penalties for one year. OSHA could continue to conduct its own inspections.

The legislation also would make it clear that OSHA inspectors are allowed to issue warnings and provide technical support, not just issue fines, to employers with minor violations that are promptly corrected.

## How You Can Join GAIN

Members of the U.S. Chamber can join GAIN—the Chamber's Grassroots Action Information Network—to receive timely information on legislative developments and recommendations for actions they can take to help influence the think-

ing of members of Congress on pending legislative issues.

For information on how to join GAIN, visit the Chamber's Web site at [www.uschamber.org/gain/Index2.htm](http://www.uschamber.org/gain/Index2.htm) or call (202) 463-5604.





# Y2K Protections For Firms Backed

**W**ith less than 10 months before year 2000 computer problems could occur, a coalition of more than 90 business and trade groups, led by the U.S. Chamber and the National Association of Manufacturers, is urging Congress to pass legislation quickly to protect companies from lawsuits arising from Y2K glitches.

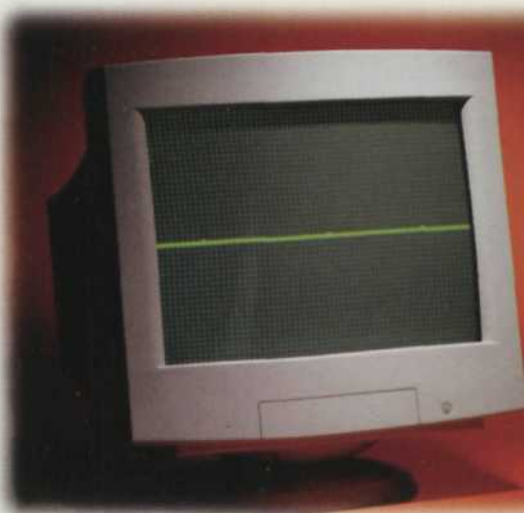
Some computers will interpret the date designation "00" as the year 1900 rather than 2000 and will fail to function properly when the new year arrives. In some cases, computers may destroy or lose data on Jan. 1, 2000.

"We want to put money into a solution to the Y2K problem," says Bruce Josten, the Chamber's executive vice president for government affairs, "not into the courts and the pockets of trial lawyers."

More than three dozen lawsuits already have been filed against firms for actual or expected year 2000 problems.

The Chamber and the coalition are pressing for legislation that would, among other things:

- Protect defendants in Y2K cases



from punitive damages if they made good-faith efforts to prevent actual or potential computer failures.

If a defendant were subject to puni-

tive damages, those damages would be capped at three times any economic damages, or \$250,000. Large companies would pay the greater of those

amounts, and small firms with 25 or fewer employees would pay the lesser.

- Limit liability in Y2K cases to the proportion of a defendant's responsibility.

- Place a \$1,000-per-hour limit on attorneys' fees for year 2000 cases.

The Chamber and the coalition also are working to educate businesses and consumers about year 2000 problems, possible solutions to the glitch, and alternatives to using lawsuits to resolve Y2K disputes. In early February, Chamber President and CEO Thomas J. Donohue testified before a Senate committee looking into Y2K liability issues.

*For more information on joining the Y2K coalition, call (202) 463-5724.*

## Reforms For Social Security, Taxes, Legal System Sought

*Continued From Page 1A*  
bership survey. More than 6,100 Chamber members responded to the latest survey, in which tax-reform and workplace issues emerged as top concerns.

Tax-related issues that garnered high-priority ratings are reforming or replacing the federal tax code, repealing or reducing the capital-gains tax, repealing or reducing the estate and gift tax, and accelerating implementation of the 100 percent deduction for health-insurance costs for the self-employed.

On workplace issues, business people say they are most concerned about a



proposed Occupational Safety and Health Administration rule on ergonomics. (See the related story on Page 2A.)

They also say that OSHA, the nation's immigration laws, and the National Labor Relations Act, which governs labor-management relations, should all be high priorities for reform.

Issues related to the legal system, U.S. trade, and the environment also are high priorities, respondents said.

Of particular concern in the legal area are reform of the nation's product-liability and bankruptcy laws. The

Chamber has worked for 15 years to replace the current patchwork of state product-liability statutes with a uniform federal law that would limit liability for business. On bankruptcy, the Chamber is supporting legislation that would protect creditors by making it harder for debtors to use a type of bankruptcy filing that allows them to wipe out nearly all of their debt regardless of their ability to repay.

On trade, business is most concerned about discriminatory foreign-trade barriers, self-imposed restrictions on U.S. trade that give foreign competitors an advantage, and the need to maintain viable trade laws and procedures that strengthen U.S. trade negotiations.

Reforming the Clean Water Act, the Clean Air Act, and the Superfund law are among the top environmental priorities of survey respondents.



Here are some of the most important products, services, and programs offered by the U.S. Chamber.

### Discounts On IBM Products

IBM Corp. has set up a MembersPlus Program to help U.S. Chamber members purchase the latest IBM technology at a discount.

For

more information about the

program, visit the IBM World Wide Web site at [www.ibm.com/businesscenter/membersplus](http://www.ibm.com/businesscenter/membersplus) or call 1-800-426-7235, Ext. 5232. Use this PIN: usmem.



### Year 2000 Video Available

The U.S. Chamber and the American Bankers Association have collaborated to produce a videotape that provides information on the year 2000 computer problem.

Titled "Your Business, Your Bank and the Year 2000," the video costs \$49.95. It can be ordered by calling 1-800-338-0626 or by visiting the Chamber's site on the World Wide Web at [www.uschamber.org/programs/y2kvideo.html](http://www.uschamber.org/programs/y2kvideo.html). Mention customer code ZBBQW861 when ordering.

### Retirement Plans At A Discount

Affordable and accessible retirement plans are available to U.S. Chamber members through the Chamber and Fidelity Investments.

Fidelity has a package of retirement plans and services that are offered at a discount to Chamber members.

Intended primarily for businesses employing fewer than 100 workers, the retirement plans include 401(k), Keogh, SEP-IRA, and SIMPLE (Savings Incentive Match Plan for Employees).

Fidelity provides investment-management and record-keeping services as well as materials that employers can



**Fidelity Investments®**

use to communicate with employees about the plans.

For more information, call Fidelity toll-free at 1-888-RET-PLAN (1-888-738-7526).

## Resource For Finding Workers

To help companies find qualified workers, the U.S. Chamber has released a directory of contacts and background information on work-force programs nationwide.

"This directory will let chambers and businesses know where they can go to utilize important programs to help fill their labor needs and retain good workers," says Chamber President and CEO Thomas J. Donohue.

The directory was produced in conjunction with the U.S. Small Business Administration and the Welfare to Work Partnership. The partnership is a group of corporations and organizations, including the Chamber, that is working to move people from the welfare rolls to jobs.

The directory lists the work-force-development programs of state and local chambers and of agencies and institutions in each state.

It also contains information on work-force programs associated with the SBA's small-business development centers, women's business centers, tribal-business information centers, regional and district offices, welfare-to-work liaisons, business-

information centers, Service Corps of Retired Executives offices, and One-Stop Capital Shops.

"This directory is another important tool in helping connect small businesses

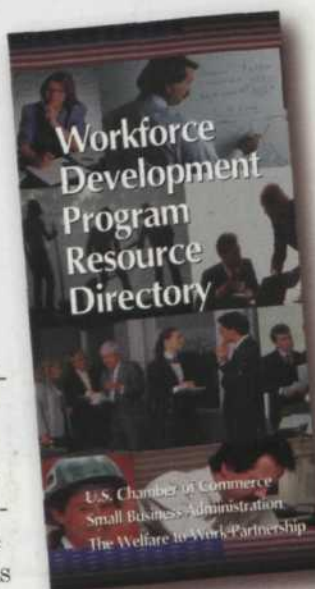
to the programs and other nonprofit welfare-service providers that prepare workers and provide support to help retain new workers," says Aida Alvarez, SBA administrator.

"Through our vast network of resources, partners, and district offices listed in the directory," Alvarez says, "the SBA can help small businesses meet their labor needs as well as provide training to persons leaving public assistance with a desire to become entrepreneurs."

The guide, *Workforce Development Program*

*Resource Directory*, is available to U.S. Chamber members for \$19.95. To order the directory, call (202) 463-5548.

For more information about the Welfare to Work Partnership, call 1-888-USA-JOB1 (1-888-872-5621) or visit [www.welfaretowork.org](http://www.welfaretowork.org). For information about the SBA's programs, call 1-800-ASK-SBA (1-800-827-5722) or visit [www.sba.gov](http://www.sba.gov).



### Toll-Free Help

If you have questions about your U.S. Chamber membership account, membership materials and publications, or member services, or if you want to join the Chamber, call the organization's toll-free number: 1-800-649-9719. If you're calling from Washington, D.C., or Maryland, call (202) 463-5330.

An automated attendant line will offer options from which you can choose to have your call directed.